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ADVANCED MANAGEMENT

Quarterly Journal

Society for Advancement of Management

Leadership and Human Relations at the Places Where People Work

A Top Management View of the Public Service

The Pros and Cons of Profit-Sharing

What Makes Successful and Unsuccessful Executives?

Transition in Corporate Controls

The Role of Scientific Research in Human Relations

September, 1948 Vol. XIII, No. 3

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Comment

SOUL-SEARCHING is not usually thought of as a customary or indeed as a desirable or valuable process for influential executives. But it is the theme of these paragraphs that vacations supply the occasion for a kind of pause in the day's occupation which is known as the reflective hour.

It seems a quite normal mood to return to the job after Labor Day with two sharply contrasted views warring within the self. On the one hand, the returning worker is full of energy and determination to make it "a good year." Yet on the other hand is the sense that we are caught up in a way of life which rules us more than we rule it and makes demands only on a part of our natures, leaving the other (non-economic) aspects of our life and interests to be more or less frustrated and slighted.

Why, we keep asking ourselves, should life become so insistent and demanding that the gracious side of living, the sensitivities and niceties of experience, get so persistently pushed into the background?

Vacations, in other words, tend to call our attention to the reflective, the appreciative, the personalized sides of our natures, in ways that in the working year become choked with pressing activity.

And the question properly arises: Do we order our working lives as intelligently as we should in order to keep all parts of our personalities alive and active during our working hours?

The question is surely not prompted by sentimentality nor by laziness nor by that lessening of energy concentrated on specific demands, which a vacation properly induces.

I would contend that especially on a vacation we are able to view our personal lives in a way that "sees them steady and sees them whole," as the poet said. This is not to say that we come to deny or belittle the activist phases of our total conduct. Indeed, there is little fear that, in the climate of social sentiment in which most executives have perforce to live, the claims of activism will be denied. The danger is all the other way.

But of what importance is it to call attention to the claims of wholeness, roundedness and balanced proportion in our normal living? Is there any relevance and value to us in this kind of reminder of the soundness of the old Greek command—"nothing in excess"?

The answer seems to me clear and it is urgent, as affecting the basic attitudes, interests and potentialities of our working careers themselves. Only the whole man does the wholesome act. He who would be whole, someone has observed, let him join a whole. Executive judgments and choices, executive reflection upon policies and procedures, executive approaches to the persisting need for deft and productive dealings with all sorts and conditions of men—these are all, continuously and profoundly, shaped by the total condition, quality and outlook of the executive when he is in action.

Fatigue, impetuousness, irascible outbreaks, demonstrations of annoyance and human inconsiderateness, hasty and arbitrary judgments—these are all the fruits of the activity of persons behaving under the strain of too much of one kind of experience. Executive work at any and every level is always qualitatively better for poise, for thoughtfulness about all aspects of problems, for a considerateness in human dealings which asks how the other fellow or other group is going to view the outcomes of a given line of action.

Beyond that, there is a sense for what is valuable to choose in the conduct of self and others affected by one's self, a sense for the dignity of the human career, a sense for cherishing the integrity of persons, a sense for a vision of greatness about human striving and its results—and all of this derives from a certain wholeness of outlook on life which comes only to the man who is able to see life steady and whole.

Vacations are for the renewal of wholeness, for a rediscovery of the truly valuable things in living which in some part are to be found in and through work itself if that work is wisely interpreted, but which are also to be found in the non-economic phases of our experience, if they are consciously cultivated.

Vacations have been most rewarding, I suggest, where the individual has taken time to look within himself with complete honesty and tried to understand how the tensions and urgencies of the day-by-day demands upon him can be ministered to by a balanced sense of all the kinds of experience we periodically need to keep us whole and wholesome.

"Restore us to our rightful minds" is the way a wise poet has recalled us to this perennial human need.

ORDWAY TEAD

Leadership and Human Relations at the Places Where People Work

By THOMAS G. SPATES

Vice President, Personnel Administration, General Foods Corporation

The desire of people at every level of organization to be treated as human beings, the economic advantages that result to industry, and the motives for preserving our democratic ways all point to the need of sound personnel administration, which the writer believes Americans prefer to unionism. Twelve ingredients for an effective program of personnel administration are here listed and described.

THIS paper is about people at the places where they work. It has to do with all the people on the payroll, from the chairman to the charwoman. It has to do with the ways all of these people are organized and treated by their bosses at all levels. It has to do with the big-little things that shape attitudes for better or for worse regardless of the amount of pay or importance of position.

This paper is about leadership. It has to do with the sort of leadership that the board of directors gives the chief executive officer, the sort of leadership the president gives the vice presidents, the sort of leadership the vice president gives the junior officers and managers, that the manager gives the accountants, statisticians and clerks, that the superintendent gives the mechanics and the porters. It has to do with the sort of leadership that *can* come from the bottom to the top levels of organization when the channels of communication are really free.

This paper is about the sort of leadership and the sort of experiences people have while at work, that make them want to keep or reject the American system of government.

Do those opening paragraphs sound a bit elementary? The effort to make them so has been deliberate. In fact, I'd like to be able to make this whole paper as simple and dramatic and even as entertaining as the stories of Robinson Crusoe and Little Black Sambo. About every other form of expression has been tried. There are libraries of books, editorials, reports and countless records of human tragedy. Their influence in arousing enlightened convictions and constructive action in the places where they count most—in the minds and hearts of the chief executive officers and directors of our industrial and commercial enterprises—has most always seemed to be too little and too late.

In just the past six months contacts and correspondence with leaders of government, education and business indicate that too many of them still have only the vaguest idea of the full meaning of "personnel administration," which is the more formal term for the subject of this paper. They either maintain a cold indifference to the problems of people or they persist in thinking of this vital function of executive leadership and general management, primarily, if not exclusively, in the exceedingly limited terms of labor legislation, collective bargaining, maintaining a working force at subordinate levels and keeping employment records. Well, if that isn't it, what then is the full meaning and scope of sound personnel administration?

In the first place, personnel is a synonym for people. It is all-inclusive. It doesn't mean the common people as distinguished from the aristocracy. It doesn't mean the rank and file of employees as distinguished from the brass hats. It doesn't mean people working in industry as distinguished from people working in commerce or government; it literally means everyone on the payroll of any organization with a common purpose.

In the second place, adminstration is the highest form of organization leadership, as distinguished from managing and executing. The administrator not only gets things done in the best known ways, but the people through whom he works to achieve results are made to feel they are on the team and not just with it.

So we combine the words personnel and administration to designate the philosophy, the motives and the methods of organizing and treating people at all levels at the places where they work so that they will achieve and give the best that is in them, while getting the highest possible degree of individual satisfaction.

If that is the *meaning* of personnel administration,

then what is the *scope* of this function of executive leadership that has almost infinite possibilities for constructive accomplishment because it is concerned with the spirit of people as well as their hands and heads?

To convey, in a few pages, the scope of a full-fledged profession that has been evolving over a period of thirty-five years and comprises a literature that fills specialized libraries in some of our institutions of higher learning is quite an order. However, within the limits of our space we can distill out of volumes of literature and years of accumulated experience twelve essential ingredients of sound personnel administration. Each of these ingredients supplies a basic need in the minds and hearts of people at all levels of organization. Their validity should be tested by your own individual experiences.

The first ingredient is *the character and moral code of the business.* This ingredient leads the list because it is the foremost requisite of sound personnel administration. It sets the spiritual tone of the entire enterprise, and you may rest assured that no less than ninety-five percent of all the people on the payroll prefer to be on a team that is sparked and motivated by high ideals. They respond with unbelievable enthusiasm and loyalty to daily manifestations of intellectual honesty and fair dealing throughout the organization. They like to work for a company which employs lawyers to see to it that the business is conducted within the law rather than to help circumvent the law. They like to work for a company whose advertising rings true without the compulsion of statutory regulations. They do not like to be asked or required to do things in the work experience that would compromise their conscience. This ingredient helps everyone on the payroll keep his chin up even when the going gets tough.

Leadership Principles

The second ingredient is *good leadership committed in writing to high principles of administration and organization, rather than motivated by expediency and exploitation.* There are countless testimonies and some degree of scientific data to support the conclusion that the greatest single factor in the productivity of the individual is his mental attitude toward his boss. That conclusion seems to apply to all levels of organization. It puts emphasis upon the importance of good leadership on the part of those who direct the work of others, but that in itself is not enough for the attainment of maximum results. Employees are entitled to know, in writing, what standards of conduct top management sets for itself and requires of bosses at all levels and they are equally entitled to know, in writing, what rights they have and what is expected of them. Among the companies in the United States that have the best reputations in the field of human relations, the minimum of difficulty in recruiting and retaining high-quality personnel, and the longest and best records of industrial peace are those who have *published* personnel policies. On the other hand, to the absence of published personnel policies there may be attributed some of the labor troubles experienced in recent years by some quite well known companies.

The third ingredient is *the practice of consultation and explanation, both up and down, through all echelons of organization.* If one were forced, under pain of severe punishment, to express the essence of sound personnel administration in just two words, those words would be "consultation" and "explanation." The acts implied by those two words influence greatly the attitudes of people and their response to the decisions that have to be made in the conduct of business. Even though decisions are, of necessity, sometimes unpopular, the negative consequences can be lessened by answers to the question "Why?" Many an industrial conflict has been precipitated by the bulletin board notice, with inadequate explanation, announcing changes affecting the lives of people regarding which there was no advance consultation. The importance of consultation on the morale and spirit of people is well illustrated by the following quotation: "Of all the dull, dead weights men ever bore, none wears the soul with discontent like consciousness of power unused." There is a terrific psychological impact upon people at all levels, in the practice of consultation and explanation. In many instances it can make the difference between individual creativeness and sabotage.

The fourth ingredient is *the practice of keeping people informed.* Leaders of business express amazement and impatience upon learning that the workers of the United States believe profits to be many times greater than the facts reveal. It is not the fault of the workers. They are just not being informed regarding the economics of the business by those to whom they would naturally look for such information. They are, however, getting plenty of distorted facts from sources interested in sowing seeds of dissatisfaction with the American economic system.

Freedom to Express Feelings

The fifth ingredient is *freedom for expression of points of view and attitudes without fear of reprisals.* At all levels of organization, barriers arise that prevent

people from giving voice to their genuine feelings. These barriers are like plugging the safety valve of a boiler and adding more fuel to the fire. An effective grievance procedure is one of the remedies. Firing of bosses who are in the wrong (when all other measures have failed) will help to convince employees that they can speak their piece without jeopardizing their job security.

The sixth ingredient is *a total work environment that appeals to the self-respect and dignity of the individual.* This ingredient has to do primarily with every aspect of physical environment. There are ample illustrations, some of which are almost spectacular in their effect upon the work habits of people, to justify the expenditures necessary in meeting this fundamental need.

The seventh ingredient is *sympathetic consideration of people's trials and tribulations.* In the efforts made to improve personnel administration, emphasis has been placed over the years upon training supervisors to handle the problems of people working under their direction, but little or no effort has been made to provide for the sympathetic consideration of the problems of those in the various levels of supervision. The classic example of both the emphasis and the failure is in the field of industrial foremanship. For twenty-five years industrial executives have been spending a lot of time and money trying to sell foremen the idea that they are management's first-line representatives and the key men of industry. This theme is not only a denial of the fact that the only real key man of industry is the chief executive officer, but the actual experience of foremen has been a contradiction of the proclaimed management status. Foremen have been taught so much more good than they are permitted to put into effect by their bosses that many of them have given expression to their resentment and frustration by joining unions. Dramatic confirmation of these observations is contained in the following statement recently made by Henry Ford II: ". . . but I find it difficult to criticize our foremen for joining the union because, frankly, I doubt whether in the past very many of them were actually considered or treated as part of management." The experience of industry should provide the leaders of other businesses with all the lesson that is necessary in connection with this ingredient.

The eighth ingredient is *steadiness and certainty of employment.* It is the psychological rather than the financial aspect of this ingredient that justified its inclusion here.

The ninth ingredient is *a plan of promotional opportunity.* This ingredient is not fulfilled merely by the statement of a policy of promotion from within. People like to have the answer to the questions "Where do I go from here?" and "By what route?" The necessary requirement for the fulfillment of this ingredient is sound organization planning and structure.

The tenth ingredient is *equitable wage and salary structures that recognize differences in job and position requirements, as measured by such factors as knowledge, skill, difficulty and responsibility.* A great deal has been done in applying the techniques of job description and rating to the lower echelons of organization. Relatively little has been done in the higher echelons of organization, where it is quite likely the greatest inequities exist and where the morale effect of these inequities is of costly importance in terms of managerial dissatisfaction. This ingredient satisfies the need for internal justice in salary administration.

Training in All Echelons

The eleventh ingredient is *a training program designed to help everyone perform, in the best known ways, the tasks that are assigned for the attainment of stated objectives.* When things go wrong in any one or all of the many functions of general management, investigation has shown that over eighty percent of the errors and failures are due to people who either *don't know, can't do, or don't care.* Training is the only known method that will fill the gaps in knowledge, skill and attitudes that cause things to go wrong at all levels of organization. There is a lot of training going on in business at the lower echelons, but very little that is aimed at the target of improving the competence, in human relations, of those in the higher echelons.

The twelfth ingredient is *recognition—in many ways—including some of the foregoing ingredients, but particularly through individual evaluation so that it may be said to each person on the payroll that he is prepared with what to go where.* This twelfth and last ingredient is designed to answer the question, "How am I doing?" From time to time everyone on the payroll, regardless of position, wants to know how he is getting along in the judgment of the boss, whose attitude has such an important bearing upon his destiny. Most everyone can judge for himself how he is getting along with respect to the execution of an assigned task, but the more important interest is in the area of relationships with other people. There are all too many instances in the experience of people at work when, at middle age, and after long years of service, they are shocked by the news of their inadequacy and termination, without having ever experienced a periodic and systematic review of performance and a statement of "how he was

doing." These are inexcusable instances of individual human tragedy which have reflected discredit upon the executive leadership of entirely too many companies.

Are you aware that in those twelve essential ingredients of sound personnel administration there is no reference at all to either absolute wages or benefit plans? The reason is this. Not only does the source of sound personnel administration reside in the conscience of leaders, but it is concerned primarily with the spirit and the hearts of people. Those are qualitative factors. History offers no evidence that quantitative methods and rewards have ever provided the solution to qualitative problems. As the scientist would say, the law of diminishing returns applies to quantitative methods but not so to the qualitative.

There, if you will, is a capsule version of the meaning and scope of personnel administration. At this point I wish very much that I could rest my case. But I know from experience that some of you may still not be convinced of the vital need of using your talents and your influence to improve human relations at the places where people work. We personnel specialists can advise and prophesy, but we lack the opportunity for decisive action.

Sound Personnel Administration and Unionism

On October 27, 1946, an article in *The New York Times* contained this statement: "Although there exists considerable resistance to current efforts to organize the financial community, most leaders in Wall Street accept the trend as inevitable." What an inspiring manifestation of leadership in human relations that statement represents!

No, there never has been anything inevitable about the trend away from business leadership during the past fifteen years. Quite the contrary, there is overwhelming evidence to support the conclusion that Americans prefer sound personnel administration to unionism. However, don't take my word for that statement. Listen to some irrefutable evidence from three independent and authoritative sources:

1. In their book entitled *The Dynamics of Industrial Democracy,* which was published early in 1942 after they had negotiated contracts with 828 firms involving 660,000 members in the steel industry, Clinton Golden and Harold Ruttenberg said: "One of the compelling motives for union membership is the desire of workers to give their personalities dignity and their lives a meaning. They join unions to become something more than a check number that is ordered around as a piece of material is forged. They crave to be recognized as human beings, to be treated with respect, to be given the opportunity to find satisfaction in their daily work through the free play of their inherent creativeness, and to win the praise of their fellow workers and secure personal recognition and advancement of their ideas and their ability to think. The dynamic quality, the militancy and the crusading spirit of the labor movement, especially of C.I.O. in the last decade, were nurtured by the failure of management to satisfy the non-economic needs of the workers."

2. In the summer and autumn of 1943 some 8,000 workers wrote to *The Readers Digest* on the subject, "What is Wrong with Management?" The answers they gave to that question had a dominant theme that ran something like this: "I am a human being — not a machine. I am a partner in America's war production. Why can't management treat me as such? We are supposed to be shoulder-to-shoulder in a democracy, but management does not act that way. Management does not realize we are human."

3. In *The New York World-Telegram,* April 11, 1947, George Gallup, director of the American Institute of Public Opinion, reported: "The *general public* thinks there are about as many things wrong with employers as there are with unions. The chief complaint against employers was not what you might expect—low wages. More people named a broader, more inclusive fault. It is summed up in one reply which was typical of thousands in the survey: 'Management hasn't got enough understanding of working people and their problems. Businessmen keep thinking of labor as a commodity instead of as human beings. The reason people join unions is because they feel that the boss won't pay any real attention to the welfare of the workers if left to himself. He's got to be forced to do things.'"

It is a sad commentary on business leadership that in the 1940's Americans are still asking that they be treated as human beings in the places where they work.

Economic Motive

But there is more even than individual human interest to motivate business leaders in accelerating the progress of personnel administration. There is the economic motive for which there are countless illustrations in terms of measured increases in output and reductions in operating costs. One company alone, of which I have knowledge, saved over half-a-million dollars in the cost of accidents during the past two years through improved personnel administration.

However, embracing all motives and transcending in

importance any one of them is the motive for national survival within the framework of our Declaration of Independence and the Bill of Rights. Prior to the depression of the 1930's, so many leaders of business neglected the principles of sound personnel administration that the people encouraged their political leaders to make profound changes, not only in our doctrine and system of government, but also in our philosophy regarding class distinctions and the dignity of work.

When the next depression comes, are the workers and voters of the United States going to be led down the road to serfdom by a Messiah who promises a more abundant life through more taxes, more spending, more controls, and less liberty? *Or,* are the leaders of American business going to establish and maintain high standards of personnel administration, with sufficient sincerity and zeal to persuade the voters and workers in this next crisis to put their faith in the principles that have made this country great and to convince them that free enterprise is worth fighting for even if they are required to tighten their belts in riding out the storm?

But, mark you well, the next depression is not the only threat to our national security, against which the most enduring bulwark of defense is sound personnel administration. In our enforced competition with the philosophy of totalitarian Communism, we haven't been doing so well lately in spite of our running start, the fine heritage upon which we had to build, our miracle of production and the relatively enlightened leadership in many areas of our national life. Because of neglect of the philosophy and techniques of human relations at the work place by too many leaders of government, business and education, Communist penetration into virtually every field of industry is growing. On no less authority than the director of the F.B.I., the percentage of Communists is higher in this country today than it was in Russia in 1917.

In an authoritative and objective book on *World Communism Today* reviewed in *The New York Times* on February 1, 1948, we read that "Communism spreads, not because of the wickedness of radical agitators, but because of defects in society which estrange larger masses of people from the existing order . . . Guns and money are not enough; western civilization can answer Communism only by positive and constructive actions."

Is it any wonder that fifteen million American workers have sought leadership outside of the normal channels of organization in order to attain recognition as human beings, that some of their leaders have grown powerful and arrogant, that the Communists are steadily gaining ground, when you face the fact that there is only one important association of employers in the United States devoted exclusively and effectively to raising the standards of personnel administration of its members?

In these times of impending disaster to so many people, is it too much to ask and to expect that the officers and directors of American business will be not only willing, but determined, from here on out, in their own and the national interest, to champion the cause of sound personnel administration?

Do I claim too much for personnel administration? Recalling the definition and scope, here is my answer: For the attainment of those goals for which people everywhere have been striving since the early dawn, there is no substitute for sound personnel administration. The stand it takes is a powerful one, for the code it represents is universal and creative and fulfills the needs of human beings. Sound personnel administration stands for *principles* that mankind has evoked out of hope and love for centuries, for the lack of which we might this very day be coolies of a master race, and by the *neglect* of which we may yet be servants of a totalitarian state.

A Top Management View of the Public Service*

By DONALD C. STONE

Director of Administration, Economic Cooperation Administration

I PROPOSE to direct my remarks before this conference on "University Education and the Public Service" to problems of top management. I have reference to the Federal Government primarily, although—making allowance for the effect of size—most of these observations apply also to state and local government. Indeed, they apply also to the rapidly mounting task of administering international organizations.

The top manager in government administers functions more diverse and far-flung than any in the business world under constant public and political pressure, at low pay, and with the assistance of an unwieldy, tradition-bound organization. It falls on the universities to train two types of future managers for government — "generalists" and specialists who are oriented to the ways of our society.

I am using "top management" here to include both administrative and general staff positions. I am thinking of the heads of departments and agencies and their principal operating and staff assistants, and similar officials in the bureaus and other major subdivisions within departments. They are persons whose functions are almost entirely managerial or administrative, in contrast to "technical." Their energies are devoted, broadly speaking, to defining the objectives of their agencies, planning the program, developing an organization properly staffed to carry out the program, scheduling and budgeting the program, developing the necessary interrelationships, channels of communications, work habits, and doctrine for the organization to move forward as an harmonious team, establishing devices for control and coordination, exercising oversight and guiding the operations of the establishment, and maintaining and reacting to many external relationships.

Specifically, I propose to examine the setting in which the manager works, the forces with which he must contend, and the kind of person required for top management functions. In the main I shall leave to you the task of determining how the universities can best contribute to the development of individuals who possess the necessary knowledge, abilities, and personal characteristics for managerial leadership.

A major factor in the environment of the public manager is the relation of government to the people. We possess in this country, and fortunately so, certain basic concepts of the spiritual dignity, equality, and freedom of human beings. We view government as the servant of man, not its master. The public service is conditioned by the belief that the right to vote, hold office, and contribute to the conduct of government is a reflection of the social condition of equality, of freedom and of opportunity. This has always been the promise of American life. Government institutions and government managers have always had to adjust to this underlying aspect of our culture.

Edwin L. Godkin in his work *Problems of Modern Democracy* refers to this element of our governmental environment in the following way: "The truth is that democracy is simply an experiment in the application of the principle of equality to the management of the common affairs of the community . . . rulers have become the mere hired servants of the mass of the community; and criticism of them has come naturally with the employment of them as agents."

The citizens of this country have decided through their elected representatives that they shall collectively carry on a vast range of activities to assure mutual protection, security, economic well-being, convenience and cultural development. The larger and more diverse the operations of government become, the more difficult it is to make them manageable and democratically responsive. Here we find a second major factor in the environment of the governmental manager.

The fact that there are approximately 2,000,000 full-time civilian employees on the Federal payroll, that Congress has appropriated $34,800,000,000 for the current fiscal year, and that top managers are engaged in administering almost every type of activity or service imaginable gives only a partial clue to the character of the management job that must be done in order that

* An address given in connection with the bicentennial celebration of Princeton University, 1946-47; it will be published by the Princeton University Press as a chapter of the forthcoming book, *The Public Service and University Education,* and is printed here by permission of the publisher.

all the resources of the nation may be most effectively mobilized for the purpose of carrying these programs forward.

Diversity of Federal Activities

The list of Federal activities which the people, through their elected representatives, have determined must be carried out is almost endless. We find such diverse functions as military security and carrying the mail, the management of atomic energy and child labor regulations. We find the disposal of billions of dollars worth of surplus property and the education of Indians; extension of civil aviation and the granting of patents; the development of natural resources and the payment of veterans' allowances; improvement of the public health and the conduct of foreign relations; assistance to farmers in increasing food production and the maintenance of light-houses; the solution of industrial disputes and census taking; promotion of markets for American business and school lunch programs; ad infinitum.

The administration of these far-flung governmental functions, which falls upon the President and the top managers in the Federal Government, is a task perhaps unequalled in human experience. Certainly, it is unequalled in business. A high officer of the Government recently remarked that he encountered every day as many major policy or administrative problems as he had observed in large businesses over a period of a year.

Indeed, what may give us most faith in the character of our political institutions and in the fundamental philosophy of life which supports them is the fact that under the most adverse circumstances these diverse operations are successfully administered. Military victory was not secured because we had vast resources, although the resources were essential. It was achieved because we were able, under our political structure, to mobilize the necessary administrative resources for the tasks we had to do. The study of captured documents on German, Italian, and Japanese war administration dispels quickly the once prevalent notion that efficiency can be achieved more readily in a dictatorship than in a democracy.

When we were matched against the "impossible" task of catching up with the enemy's long head start, it was found that we not only possess a reservoir of managerial talent superior to that of any of the dictatorships but also that we have other ingredients in our tradition which enable government to function under the most unfavorable conditions, and this despite our supposed inability to mobilize for war, as continuously reported by enemy intelligence. President Truman spoke eloquently of these capacities in his Japanese surrender speech when he said:

> But back of it all were the will and spirit and determination of a free people — who know what freedom is, and who know what it is worth whatever price they had to pay to preserve it.
>
> It was the spirit of liberty which gave us our armed strength and which made our men invincible in battle. We now know that that spirit of liberty, the freedom of the individual, and the personal dignity of man, are the strongest and toughest and most enduring forces in all the world.
>
> . . . Those principles provide the faith, the hope, and the opportunity which help men to improve themselves and their lot. Liberty does not make all men perfect nor all society secure. But it has provided more solid progress and happiness and decency for more people than any other philosophy of government in history. And this day has shown again that it provides the greatest strength and the greatest power which man has ever reached.

Top management in government works in an environment of instability. Identification of a few of the factors which contribute to this situation may serve to give us a clue to the kind of persons required for this work.

In a democracy the citizen is the boss. Through his freedom to say what he thinks, to organize politically, to throw out the incumbent and put a new man in, and to join with others who have related interests to press for a particular purpose, he can bring great pressure not only on policies and political leadership but upon top managers and on officials all the way down the line. His influence affects vitally day-to-day administrative action — not just at election time.

The fact that the public official is an employee of the citizen in a real and not just a sentimental sense provides the citizen with a fertile field for public review and criticism. Too often this takes the form of personal abuse and even public insult bordering on the scandalous. The impulse to "shoot the pianist" may have nothing to do with his performance but rather with a dislike of the tune selected for him. Human nature expressing itself as it does, there is a tendency among bosses to look down on their employees; the public is no exception. Some of this criticism is healthy. Some of it is destructive and serves to intimidate all but the bold in the fearless performance of their responsibilities. Sniping from behind the back by persons whose motives may or may not be sincere is disturbing; no conscientious and honest government executive is afraid of responsible criticism.

The political nature of government with cleavages encouraged by the separation of powers in our federal system further contributes to the instability of the top

management environment. Management must adjust its sights continuously as political objectives change. It must function in a manner acceptable to the majority of those who come in contact with the agency's operations and, in addition, it must often placate individuals who desire to discredit its program.

Influence by Congressmen

The manner in which the committee system of Congress works and the absence of real party responsibility and discipline sometimes results in a small group or even a single committee member being able to force an agency to pursue policies which would not be sustained by the Congress as a whole.

This is natural because a member of Congress is an important person. His constituents look to him for action when they don't like the way things are done. He should individually, as well as collectively, exercise great *influence* in getting things done right as he sees them. It is when he tries to *decide* governmental action on an individual basis that sound legislative-executive relations are disturbed.

Agency management will often find itself attacked by the party opposed to the Administration, and yet the party in power whose program is being carried out may not rise to the agency's defense. Criticism of the Executive Branch frequently congeals more quickly within Congress than does the support of members of the President's party for the agencies responsible for carrying out Administration policies.

All of this weakens the actual authority reposing in the President and agency top management and undermines their positions. There are always problems wholly within management's formal scope of authority which it will assiduously avoid at certain times, or at all times. Shifting legislative alignments, a law people will not accept, the rise and fall of popular movements, personal misunderstandings between management officials and other public figures, impending elections and an adverse press are part of the "facts of life" to top management. Any one of these might tip the scales to prevent management from doing what it ought to do. Management must, therefore, keep its radar instruments screening the horizon for signs of shifts in public opinion, of conflicts and personal ambitions of politicians, and of the status of special interests, lest it be engulfed by open attacks from without or sabotage from within.

This does not mean that management must operate politically or be politically motivated, although it must at all times be subordinate to politicians. On the other hand, top managers need to be politically sophisticated and sensitive, keeping their guard rails set against pressure for improper action and entanglements on the one hand, and maintaining a position of integrity and impartiality on the other.

Justifying Operations

The governmental managerial official is called upon to devote a far larger proportion of his time to justifying his program and operations than his counterpart outside the Government. Many officials complain that they must spend so much time in preparing for an appearance at Congressional hearings and in presenting their programs before the Bureau of the Budget and other bodies that it often leaves little time for directing the operations of their agencies. Also, the necessity for checking proposed actions and for keeping complete records of their activities in case they must defend themselves absorbs a great deal of time which otherwise might be devoted to more constructive effort. All in all, it is small wonder that top Government officials are found at their desks long after closing time or carry home a brief case of papers which "one of those days" prevented them from reviewing. Arthur Krock, in *The New York Times Magazine* of December 9, 1945, gives a vivid picture of the demands upon the time of agency heads in an article, "Washington Hasn't Enough Time to Think."

The governmental manager has frequently been described as operating in a goldfish bowl. His every act is not only subject to inspection, publicity and criticism, but, in the absence of "Marquis of Queensbury rules," his personal life may be attacked with the aim of creating suspicion or discrediting him publicly. And he must grin and bear it. He may be made the scapegoat even though he makes an honest and responsible attempt to carry out public policy. Some dissident element in the population may vilify him because his agency's program crosses personal greed. Half-truths and unfair insinuations may appear in the press or on the radio. Some of the criticism grows out of antipathy for any kind of responsible government or at least antipathy for the idea of the government rendering service to the "whole" people.

For this privilege of being pushed about, we pay top management a paltry sum. The Federal Civil Service ceiling is $10,000. This sum is paid to officials responsible for operations many times larger and more complex than are found in the biggest private corporation. There may be two, three, four, or even five levels of responsible positions under the head of any agency or large subdivision that are also paid at this rate. This is

necessary because there are so few salary or grade levels. It is small wonder that key officials become unwilling, with increasing frequency, to let their devotion to the public service offset the small financial reward and the heavy responsibility their posts entail. The fact that the great majority stick at their job faithfully is mute testimony of the extent to which public work appeals to the hearts and minds of many persons.

Organizational Resistance

Even more frustrating perhaps to top management are the resistances — passive and overt — within the organization. Unreconciled differences and points of view among the staff may nullify managerial leadership. Specialists asserting particular interests may block the achievement of broader objectives. The deadening effort of routine and tradition may have so ossified the organization that jogging it off dead center may fall in the category of a miracle.

Incompetence or disloyalty in key units of the organization may seriously detract from their value to top management. Perhaps most serious of all hindrances is the tendency of human nature to express itself in ways which prevent individuals from working easily with others toward organizational objectives.

These resistances to progress are in part the inevitable result of trying to mobilize a large number of human beings to a common end. Governmental employees are like other human beings and present a wide range of mental and emotional traits. Few persons in an organization, public or private, are ideal for the particular positions they hold. Relatively greater shortcomings inevitably exist in government than in most other enterprises because of the infinitely greater difficulty and demands of its work. I have heard a Federal official, in despairing over his personnel difficulties, make the remark that a governmental department is the only kind of mental institution managed by its inmates.

The essential element to bear in mind is that an organization consists of men working in relationship to each other. No matter how scientifically the structural arrangements might be worked out, its objectives and programs defined, and persons selected to fill the various positions, its existence as an organization in a working sense is not necessarily achieved. It is achieved, as Chester Barnard has often pointed out, *only* when almost all the efforts of the persons comprising the organization are the result of experience of working in concert, have become a matter of habit and tradition, and are conditioned to the environmental factors surrounding them. Each employee must assimilate as part of his reaction patterns the methods, behavior, and responses of all other employees with whom he has contact.

There can be no intelligent communication and understanding among the members of an organization until they have worked together on a trial-and-error basis under the stimulus of a management alert to the necessity of harmonizing human relationships. The organization must become literate and articulate. Otherwise, the behavior dialect of employees will be incomprehensible to each other. The spontaneous relationships that derive from human cooperation are essential elements in organization. They determine whether it will function well, or at all.

The insecurity that pervades the fast changing governmental scene makes harmonious working relationships especially hard to achieve. Although working relationships may be easily disrupted for the same reason, the momentum which an organization gathers when all parts have learned to pull together testifies to the significant part which habitual behavior plays in administration. Some agencies which have been well organized continue to carry out their functions effectively for long periods after losing progressive leadership and active popular support for their program.

Authority Limited by Subordinates

Let us look at some of the other forces that play upon top management from within the public service. Authority is not self-enforcing. It never equals in scope the legal mandate given the head of an agency, and its scope varies according to the condition of the organization and the state of mind of the employees, as well as outside circumstances. All too often we view management as achieving its ends through the exercise of directive power. Buttons are pressed; orders go down the line; men spring into action. Nothing is more remote from the truth. Instead of being in a position to dictate, top management is more generally the prisoner of the organization.

Management cannot secure its aims on a command basis. While there are occasions when management must decide against the preponderate view of the staff, it can make such decisions only rarely. Otherwise it will lose the confidence of the organization. The employees must understand what is expected of them and know how to carry out the policies, administrative arrangements, and other requirements or they will necessarily work ineffectively and at cross purposes. Man carries along a heavy load of conformity, but he does not necessarily function as a cog in a complex team. His individualistic urges militate against organization.

However, under proper stimulus most persons find satisfaction in team-work. This cannot be derived, however, from a police basis of supervision. Team-work entails the wholehearted participation of the members of the team. Most employees will respond if they see the validity of a course of action and are convinced of the integrity of those who lead. The job of management is therefore to exercise such leadership as will produce spontaneous and cooperative effort rather than to try to impose arbitrary decisions. The concert of individuals within an organization can only be won by ever renewed effort.

Invariably the channels through which management functions and the interrelationship of the several units in governmental establishments differ from what one might deduce from the regular and hierarchal arrangement of boxes on an organization chart. Among the factors which cause this are the inadequacy of some of the individuals to carry their full load of participation and the exceptional trustworthiness of others, the inherently greater importance of some offices although they may be equally subordinate to a single superior, the extent to which a unit has many or few relationships with other units in the organization, the degree of public interest in a unit, and the potential trouble which the operations of a unit might give if not kept under special surveillance. The necessity of working around dissident staff until they can be reconciled, reformed, or removed contributes to informal arrangements which may be disrupting, unless understood by the other participants.

Power of Tradition

The problem of organizing a governmental office is in large measure a continuous process of getting everyone to understand how they fit into it, what is expected of them, whom they must consult or advise, and the limitations of their discretion. However, tradition often places a dead hand upon governmental organizations. Habitual practice, established procedures, standard routines are essential but unless employees all the way down the line as well as top management are alert to change, always looking for a better way, ossification sets in. This may lead to the defeat of any new idea and the mangling of the intent of administrative instruction. It is no minor feat to shove an old governmental institution off established precedent, or to discover the secret of compensating for weaknesses in one set of channels by using other perhaps less orthodox channels without disrupting the works.

Top management can convey many a good idea to the staff if it goes about it in the right manner, but it cannot issue an order and have it successfully applied down the line if the staff doesn't believe in it. It is no secret that administrative orders may completely change their meaning while traveling from one level of authority to another (if they travel at all). In the average situation in government, top management cannot fire very many persons, not because there may be political repercussions but because the organization can't "take it." Management can over-rule subordinates once in a while on recommendations and reports, but as a usual thing they cannot tamper in a major way with documents which come to them for signature. General Pershing's reported comment in a moment of frustration during World War I, "How many colonels have I got to make to get this done?" illustrates the point.

In the light of these varied obstacles to quick and effective execution of government programs, we can see that the life of those in top management positions is not a bed of roses. On the basis of the number of cases coming to my attention, I should think a comparative study of the incidence of stomach ulcers would show a higher rate for top managers in government than for any other group.

Manager's Authorities

However, I do not want to leave with you a purely negative picture. The manager can do many things to keep on top of his organization. I shall not elaborate, but there may be mentioned in passing the power of appointment and removal, the power of review and determination, establishment of a plan of organization which throws major issues up to the top, general staff assistance, and systematic internal and external "intelligence"—not to mention the influence which a stout-hearted, persuasive, and sincere man skilled in human relations may have upon his organization.

Unfortunately many participants in the top management of Federal departments and agencies do not possess the necessary abilities to exercise these authorities well and the extraordinary personal traits needed to cope with their environment. If I were to generalize about the persons comprising the top management group in the Federal Government, however, I would say that they are on the whole a conscientious group thoroughly devoted to the public interest. While they constitute in most respects a cross section of American citizens and are subject to the same strengths and weaknesses of character and ability, I believe on the whole they reflect a higher level of idealism and devotion to purposes beyond their personal ambitions and acquisitiveness

than is found in private business. While they may flinch when branded as "parasites," "communists," "payrollers," or when charged with having the sole aim of advancing their personal positions and whims, they usually shrug their shoulders, dig in at the job with increased energy, and produce on the whole a creditable performance. The number who are politically ambitious or who attempt to advance the special interests of one party or group at the expense of another is surprisingly small.

My principal criticism would be that too few of them were recruited as a result of a positive and persevering program to procure the best talent that exists in the country and that too many of them possess insufficient variety and breadth of experience within and without the Government to enable them to cope to best advantage with the complexities of their jobs. Greater understanding of political, social, and cultural forces which are at play within this country and within the world is necessary, and greater knowledge and skill in the art and science of management are parallel essentials.

Qualities Needed

Let us examine more intensively this question of what kinds of persons are required for top management work. I say kinds because obviously many types of qualifications and skills are needed. There can be no stereotype. A man who succeeds in an operating job may fail at staff work; and the same is true for fast-moving vs. slow-moving programs; public-contact vs. internal-contact jobs; principal vs. deputy roles; and many other varieties of managerial conditions.

"Breadth" is obviously one of the first characteristics required of persons who deal with the complex environmental and managerial situations I have described. The broad purposes which government must achieve involve the utilization of many disciplines, professional skills, and fields of knowledge. Governmental processes and action have almost limitless ramifications and repercussions in their impact upon the culture, economy, social aspirations, political behavior and morale of citizens—individually and corporately.

Rowland Egger, a keen observer of contemporary problems, relates, in a recent booklet, *University Bureaus of Public Administration,* published by the University of Alabama, how the question of opening a highway through the University of Virginia campus was a sociological and geopolitical problem of the first magnitude. The potential effect of the proposal upon the pattern of economic, social, and political power in the community had, with much recrimination, delayed the street opening for a long time. Final action on the project, according to Egger, contributed directly or indirectly to two divorces, one bankruptcy, five lawsuits, an effort to abolish the city manager plan, and the establishment of a new church. It revived a down-at-heel family to the point that two homely daughters captured husbands. It led to the election of a college professor to the City Council, which, in turn, resulted in a slum clearance movement that broke the grip of a local political boss whose business was the rental of slum properties to Negroes. It changed, in a relatively short time, the political control of the municipality. Subsequently, a complicated set of negotiations of Federal-State-local character were required since the street was a link in State highway and Federal-aid road programs. In addition, a variety of engineering, construction, maintenance, legal, and financial problems was encountered involving Federal, State, municipal, and University relationships.

The question arises whether, in the light of this illustration, we leave the responsibility for handling the administrative affairs of government to engineers, physicians, physicists, social workers, militarists, or transportation experts whose orientation and training are technical and specialized, or whether we place such responsibility in the hands of persons who have their roots deep into the whole range of human knowledge and human relationships.

In this context we see more clearly how public administrators are about the only persons whose responsibilities require them to utilize all fields of knowledge and all types of skills in carrying on their work. This breadth of understanding and interest by top management is required not only in the over-all direction of a government or of a broad department, but it is also essential at the bureau and divisional levels.

Unless the head of a foreign trade office, for example, has a wide understanding of social, economic, and political problems both at home and abroad, he cannot deal effectively with the major questions of foreign trade. An understanding of the problem of trade in any commodity requires an appreciation of production and distribution, engineering, financial, geological, transportation and other factors.

No matter how broad his knowledge and experience or how skilful in dealing with people, the competent generalist must, of course, master a sufficient amount of the technical subject matter over which he may have responsibility so that he can harness the specialists and maintain control over his organization. This is not as difficult as it sounds. Many generalists with administrative ability have demonstrated that they can move from top management positions in one functional field to an-

other with confidence and success. Indeed, demonstration of ability to do this is the only adequate proof of ability to take on any new job. Success in one might be attributable to many supporting factors.

On the other hand, to the extent that the specialist is having to deal with other than purely technical considerations of his specialty—and this includes most employees of government in the higher brackets—he must come to understand something about the social-political-economic environment within which his particular responsibilities are carried out if he is to be more than a lone worker in a cell. The tendency of the specialist to apply the criteria of his special subject to other subjects than his specialty often produces dogmatism, prejudice, and narrow-mindedness, particularly toward other large fields. He tends to oversimplify the problems of government, and as Harold D. Smith often pointed out, "oversimplification is the number one stumbling block to the solution of any problem." This not only limits seriously his usefulness in an administrative organization but also his contribution as a citizen in community affairs. The cumulative effect of this common tendency among specialists can easily crush the spirit of an entire organization if resourceful leadership is not provided by top management.

Viewed in this light, public administration embraces infinitely more than the policies, processes, and techniques of administration, broad as this subject matter is. It requires competence in synthesizing and applying many disciplines in carrying out public purposes, and in the mobilization and use of a vast array of skills and techniques to achieve these purposes. It calls for sensitiveness to public reactions, responsiveness, considerateness, a sense of the feasible.

John Dewey, in *The Public and Its Problems,* detected twenty years ago what the role of public administration should be. He came to the conclusion that it is not a self-contained entity, but a tool through the use of which society can solve certain of its problems. It is not an end in itself but a means for achieving social purposes, and hence those who practice this calling must have full grasp of all matters which condition its use.

University Attitude

How different has been the approach to public administration in the universities. For the most part, it has been viewed as a specialized aspect of other specialized fields. Frequently a few courses have been added to the political science curriculum on the assumption that public administration is a segment of political science.

Similarly, many universities have proceeded on the basis that, if a person is trained in specialized management subjects, such as administrative law, budgeting, purchasing, personnel, reporting, governmental structure, and coordination and control mechanisms, he is trained in the art and science of public management. (Most curricula in public administration ignore the operating side of government, particularly its major functional fields.) I am not questioning the value of such training, particularly when broadly conceived. I simply wish to emphasize that it is only a small part of the essential equipment.

To overcome this insular approach, the universities must first of all recognize the nature of the society in which we live today and the role and methods of public administration in society, including the resources of the social scientist for analysis and interpretation.

In the light of such understanding, would it not be fruitful for the universities to concentrate on training two broad classes of citizens? First, persons who can be expected with experience to tackle the more difficult phases of the world's work either as political or top management leaders; second, specialists in the particular segments of the world's work who also possess a sufficient orientation to the nature, processes, and goals of our society so that many of them can become effective generalists, at least in this more restricted field. Does this not also call for a recognition that only a small proportion of university graduates will be required for purposes of scientific investigation and research? Most will be called upon to engage in the various professions and trades, within and without government.

If we move forward in this direction, we may need not only a drastic reorganization of our thinking but also of the organization and curricula of our universities. I am not implying that all research and teaching should be directed toward public administration and the development of persons who are equipped to play responsible roles in current-day society; far be it from that. But is it not the great challenge of the university to provide a suitable background and understanding on the part of students who aim to become either specialists or generalists which will enable them to take an increasingly responsible part in contemporary life? Are we not at a minimum confronted here with the problem of how to harness all branches of the university in a manner which will enable each to contribute in training potential managerial and political leaders as well as in prosecuting the more specialized ends for which each branch was established?

But a great deal more than knowledge secured within or without the university is required to carry out the

mission of top management in government. A manager must be a person who can negotiate with people, who can deal skilfully with and through people, get decisions nailed down. He must mould an institution which taps the contributions of specialists, utilizes all fields of knowledge, and produces a satisfactory and acceptable end-product.

The top manager must combine strength of mind with skill in diplomacy. He must intuitively judge political forces, situations, and personalities in order to make the most of the temperamental winds of politics and group reactions. He may never escape compromise of issues but he must be capable of doing so without compromising himself. Above all, in a democracy, he must have a sure sense of the public interest and the ability to discern clearly the line leading from the pragmatic considerations of the immediate present to the long-range objective which has been staked out to meet the needs of the citizenry at large.

Intelligence and knowledge will not alone provide skill and competence in such matters as these. The managers must be persons of character—individuals who possess a body of ideals and purposes adequate to cope with powerful current-day forces toward social disintegration and friction. They must embody sufficient moral integrity to win the confidence of those with whom they come in contact both within their organization and without. A person who is unadjusted in his personal relationships; who is self-centered, arrogant, greedy, intolerant, intellectually dishonest, or unfaithful will not exercise constructive leadership and effective influence over his organization for long no matter how clever he is. If others are to respond positively, the scale of values which governs his life must reflect the moral requisites that God has established as the basis for our human brotherhood. If a top manager tries to run against the grain of life, it crosses him up and he crosses up all of his relationships. This may not always be evident at first but the disease spreads like a cancer until the individual loses his grip and becomes a defeated person.

An official said to me the other day that the greatest weakness in top management was an unwillingness to deal honestly with issues which require courage to resolve. Perhaps this is not surprising because the proportion of persons who deal frankly and truthfully in all aspects of their relations with others seems small.

Philosophy of Life

It is my belief that the main difficulty in top management in government is one of character. Indeed, is this not the key problem the world round? Too many men try to live entirely off of their own resources and govern their actions by what is expedient or what will advance their material or personal desires. They set themselves up as gods. Without resources beyond themselves which give meaning and coherence to life and which sustain them in meeting their daily problems, they become defeated and sour, full of inner conflicts, uncertainties, and fears. The greater the responsibility, the greater is the need of top managers for a philosophy of life which will sustain them no matter what the trials and difficulties of their environment. If they possess this, they will not be frustrated individuals. If they are truly frustrated, they cannot be good managers.

Here again we see the role of the university in an old light but also one that is often forgotten. Must not the university, in its relation to the public service, be concerned with more than teaching, and the students devoted to securing more than knowledge and skill? If this were not so we might conclude that the goal of education is to train students to outstrip their associates professionally, to get ahead in position, to gain wealth, in short to be a success as the world views success.

Must we not in short view the aims of the university from the standpoint of what it can contribute to sustaining and supporting a society in which democracy and freedom can flourish and in which man can attain his highest fulfillment? Does this not mean that an overriding goal must be to develop in oncoming generations the highest qualities of character? Would not any lesser primary goal lead to an undermining of our civilization as well as to individual frustration and bitterness, because tomorrow's leaders would lack not only a synthesis of knowledge, but a synthesis of life without which there can be no realization of their higher potentialities?

The *Pros* and *Cons* of Profit-Sharing

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A successful plan for sharing earnings cannot be a simple one. Besides the question of how much of current earnings must be saved by the company against hard times, the benefits in employee attitudes must be weighed against possible disadvantages, and details of participation and administration must be decided. Included is a proposed plan with explanatory comments.

LET'S not talk about profits, let's say earnings. The Marxists have put a curse on the word "profit" by always coupling it with the word "unearned," and so by implication every one who shares in the profits of business is "getting his cut from the swag that has been stolen from the sweated masses." But nobody yet has denied that a man or a business is entitled to what he or it earns.

The sharing of earnings, however, is not the simple affair it may seem to be. This deceitful appearance of simplicity may be the reason why so many blithely conceived plans have failed and died.* Before any plan can emerge that will carry on through the years, many enthusiastic misconceptions must be discarded and, to eliminate them, the plan must run a gantlet of searching questions.

For example, here is a business whose history over the years shows average earnings no greater than necessary to maintain reasonable dividends for its shareholders. However large and well seasoned, it should pause and consider before embarking now on a sharing plan, based upon high post-war prosperity. Its first consideration should be to decide how much of its current earnings should be disbursed and how much saved. If a business saves a part of its earnings during these lush times it may be able to live through a future period of depression. Otherwise it may perish like a butterfly at the first frost and those who are dependent upon it for their own earnings will find themselves out in the cold.

We hear a great deal about break-even points these days. There are break-even points alike for the individual worker and for the business which employs him. When a worker has committed himself to pay for his home, his furniture and his clothing out of his future earnings it is vital that his earnings continue or he will be washed up in short order.

Only when an individual worker has been frugal and forehanded and has salted away a part of past earnings can he be sure that a period of lowered or interrupted earnings will not crucify him on his break-even point. What applies to the individual applies no less to the great corporation.

If, however, future earnings probabilities seem bright enough to run the risk, what are the advantages and the disadvantages of an earnings-sharing plan?

Advantages.

1. If employees come to realize that unnecessary strikes and slow downs, soldiering and feather-bedding, waste and sabotage affect their own pocketbooks, they may perhaps forego such actions themselves, oppose them among their fellows, and divert their ingenuity to promoting the common good. Such a development might go far to neutralize the sophistry of union leaders. The general president of a prominent American labor union has said, "We are emphatically opposed to any form of so-called profit-sharing because they create the mistaken idea in the minds of employees that such plans make them 'partners' in industry and divert their attention from unionism. It seems to become a substitute for collective bargaining. These plans are used to keep salaries and wages at *status quo* and even lower levels. Such minor returns as employees have received have been unimportant in comparison to increase, dignity, and

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* *Survey of Experience in Profit-Sharing and Possibilities of Incentive Taxation,* Report of the Subcommittee of the Committee on Finance, United States Senate pursuant to Senate Resolution 215 (75th Congress). (United States Government Printing Office, Washington, 1939) Chapter VIII, pp 69-78, "History and Development of Profit Sharing."

Experience with Profit-Sharing, Survey of National Industrial Conference Board. (New York, February 1946) Vol. VIII No. 2: "Of the 161 true profit sharing plans surveyed in the 1937 study of the Conference Board, ninety-six, or sixty percent were found to have been abandoned." . . . "The British Ministry of Labor has kept a careful record of all profit-sharing plans in operation in Great Britain. Of 532 *bona fide* profit sharing plans of which the Ministry of Labor had record in 1936, 330 or sixty-two percent had been discontinued."

independence gained through organized unionism." (Senate Subcommittee Report, *supra,* p. 91)

2. If all social security taxes, pension and insurance payments, and other welfare expenditures were deducted from employees' share of earnings, employees might come to have an appreciation of the source from which such funds are gotten, and therefore take a more proprietary interest in their creation, conservation, and administration. "Men are deeply interested in that for which they have sacrificed something."

3. Creating among employees of individual enterprises a personal interest in earnings may lessen considerably the force of the political trend toward the socialization of business. The elimination of earnings has an appeal only to those who do not participate in them. Workers are voters. Workers who share in earnings are not likely to vote to outlaw them.

Disadvantages.

1. The amount paid out under a plan for sharing earnings may exceed the value of the benefits which the company derives.

2. Development of interest in earnings among employees may foster an obstructive attitude among workers regarding business policies and management practices. This may hinder price reductions, service to customers, research and other measures by which our large businesses serve the public welfare.

3. Once the point is conceded that workers have a right to share the earnings of a business, their demands may grow by what they feed on. There is always the tendency for people never to be satisfied with that which they are given but to keep crying for more and more.

Prerequisites.

After a company has carefully estimated these advantages and disadvantages and any more that can be thought of, if the advantages appear to have the greater weight it is still essential to get the right answers to many questions before a satisfactory plan can be developed. These are some of the questions:

1. Should all employees participate or only supervisors, salesmen and technicians?
2. On what basis should participation be determined? Pay, years of service, or otherwise?
3. Should payments be made in cash? Currently, monthly, quarterly, annually?
4. Should payments be invested? Insurance, annuity, bonds?
5. What percentage of earnings should be distributed to employees?
6. Should the basis for determining earnings to be distributed be before income taxes? Before dividends? Can payments be deducted from the company's taxable income?
7. Should the termination of an employee's services affect his participation in earnings as accrued at the date of termination?
8. Should the funds be administered by the corporate officers only? Jointly by the company officers and representatives of employees? Should independent trustees be made responsible?
9. If the plan of an independent trustee be followed, should the trustee be an individual, a trust company or an insurance company?

To determine whether an earnings-sharing arrangement can be devised that will accomplish its objectives satisfactorily to both company and participants, the best way is to set forth a proposed plan and analyze it carefully. Then one can see whether or not it avoids objections, and whether in doing so it must sacrifice so many of the purposes desired that it ceases to be worth consideration.

The views of all prospective participants should be openly solicited both individually and collectively. The ideas thus obtained should be carefully weighed in deciding whether or not to undertake the project. Recent embarrassing experiences with management-conceived plans illustrate the imperative need of making sure of hearty support before going ahead.

Proposed Plan

Accordingly, a plan is here offered for study, with parallel comments explaining the reasons for each provision.

Proposal for Earnings-Sharing Plan

Announcement	*Discussion of Proposed Plan*
(A) As soon as our earnings are known after the end of each year our board of directors will give consideration to what bonuses, if any, our company should distribute among its employees.	(A) One of the major objections offered to the introduction of an earnings-sharing plan is that it works all right when earnings are good but produces a bad reaction when earnings fall off. Employees become used to participating in earnings and feel they have a grievance in any year in which they do not enjoy such participation. Under these conditions they accept too readily suspicions of bad faith on the part of management.

Therefore, it seems of prime importance that in announcing the plan the first paragraph shall state plainly that the company is assuming no fixed commitment, either legal or moral, to continue earnings distribution among its employees.

It should also be made clear at the start that any purpose of sharing earnings with employees must be subordinated to the major necessity for maintaining the company in a sound financial condition.

(B) Among the many points that will have to be considered in arriving at our decision are the following:

1. Is our company making such reductions in its prices and such improvements in the design and quality of its products as are necessary to maintain its lead in ability to serve its customers?

1. The earning power of the company, the first consideration, must always be based on sound pricing policies, high quality of products and good service to customers.

2. Are wages, salaries and incentives paid to its employees fair and adequate?

2. The chief objection raised by labor leaders to earnings-sharing plans is the charge that they are offered as a substitute for fair wages. It is of primary importance that the wage scale in the company contemplating earnings-sharing should equal or exceed the going rate of the community for similar tasks. It should be impressed upon the worker that the supplemental bonus depends upon earnings and is in no respect a part of wages.

3. Are factories and offices maintained in safe, comfortable and clean condition?

3. It should also be made clear that employees are not expected to work under unsafe or unsatisfactory conditions in order to save money to add to the company's earnings.

4. Are tools and equipment adequate, effective, economical in use and well maintained?

Is research well organized, properly equipped and accomplishing results?

Must additional factory space and new tools and equipment be provided to take care of increasing business and new products?

4. Before earnings can be distributed either to stockholders or to employees, provision must be made for adequate maintenance, research, and additions and betterments.

5. Must increased advertising and sales-promotional work be financed?

5. The life blood of sales comes from advertising and sales promotion work, which may require temporary sacrifices of earnings but which will yield much greater returns in the future.

6. Have adequate provisions for replacements of tools, machinery and equipment been accrued by current depreciation charges?

6. It is not enough to write off the first cost of plant and equipment during its service life if it must be replaced at higher prices. Accountants do not yet make allowance for the shrinking value of dollars during this tide of inflation, but business men must if they are to stay in business.

7. What reserves of earnings should be created to meet possibilities of bad times?

7. Nothing is more important than to stress the necessity for creating adequate reserves of working capital in flush times in order to be prepared to weather the rainy days, which are sure to come. During the hard times from 1931 to 1936, for every dollar of business earnings, eighty-four dollars were paid out in wages and salaries, as contrasted with seven dollars in 1947.* Money in a company's treasury is just like money in the savings bank for its employees; it provides them security when that is most needed. Their greatest concern should be to make certain that the working capital is kept in the treasury and not frittered away in extravagant dividends or unnecessary bonuses either to management or workers.

8. Have stockholders received enough in dividends to justify their investment in our capital stock?

8. The company's ability to attract additional capital that may be needed for future expansion is contingent upon maintaining adequate dividends to its stockholders on their past investments.

* *Handbook of Basic Economic Statistics* (Government Statistics Bureau, Washington) p.

9. Have payments in the past for security and welfare taxes and contributions reduced earnings unfairly so that past deficits should now be offset against current earnings before making further contributions?

* * *

Provision must be made for all of these requirements or the company will not be able to maintain a sound financial position, thereby operating profitably and providing continuous work for its employees.

(C) If the board of directors finds that the year's earnings will take care of all these necessities and still leave a surplus it may then decide to pay over a part of that surplus to a trustee to create a pension fund for its employees.

(D) The money in the hands of the trustee will ordinarily be paid them when they retire from the company's service, at the age of sixty-five years.

(E) The fund, however, will be available whenever there is serious previous need. To make this practical a welfare committee comprised of two men to represent the company and two to represent the employees will advise the trustee as to what action to take in any case of need other than final retirement of an employee at the age of sixty-five. In case of disagreement the trustee will decide.

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9. While each year's sharing of earnings should be based on the earnings of that year, a part of those earnings should first be applied against any losses in prior years due to meeting fixed commitments of the company for social security taxes or contributions.

(C) The Conference Board's survey (*supra*) reports that of twenty-seven earnings-sharing plans which have been adopted within the past several years, all but two are trusteed. Once a contribution has been made by the company, corporate responsibility for administration of the fund had better be avoided.

(D) In the Senate Subcommittee's poll (*supra*) fifty percent of those questioned stated that they would rather have their share of earnings placed in a retirement fund for "the end of the road." Moreover, earnings set aside by a business in trust for its employees not only are exempt from current income taxes for the company but the employees will not have to pay taxes thereon until payments to them from the trustee begin, and not then if their pensions and other income are below taxable minimums.

(E) While the main objective of the plan would be to provide additional old-age security, there will be cases in which individual hardship would warrant earlier distribution. The great advantage of the type of plan here outlined is its elasticity. It permits of each individual's case being settled on its own merits when it is outside of the circumstances contemplated by the general rule.

(F) Accordingly, the amount contributed to the fund, less payments approved from time to time by the Welfare Committee and plus interest earned, will be payable in monthly installments to each employee pro rata from the date of his retirement at the age of sixty-five as long as he lives.

(G) The share allocated to each employee will depend on the years he has served the company up to the time the contribution is made to the trustee. Shares will be computed as follows:

Years in Service	*Points*
1 to 4	1
5 to 9	2
10 to 14	3
15 to 19	4
20 to 24	5
25 to 29	6
30 to 34	7
35 to 39	8
40 to 44	9
45 to 49	10

(F) In general as each participant reached his sixty-fifth birthday his current share of the remainder of the fund would be determined and that amount would be then paid for an individual annuity contract issued for his benefit. In order to insure the trustee against taking on a contingent liability, it would seem wise for him to place this contract with a regular insurance company.

(G) Most earnings sharing plans base a participant's share, at least in part, upon his past earnings. This practice is often justified on the ground that because certain employees are accustomed to greater income than others, they should continue to enjoy that privilege after they have retired. A different reason advanced in favor of this basis is the theory that high-priced employees contribute more to profits. This plea immediately involves us in the difficulty of proving that an employee's contribution to profits is proportionate to his pay. While this should be true in most instances, it is impossible to prove, and in many outstanding cases it is highly questionable. It is an argument that would carry little weight with the average employee. It had better be avoided by basing participation entirely upon years of service. Then we shall be able to say to all that our policy is to pay each employee the full value of his work every day, month and year while he is at work, and to recognize that the needs of all will receive equal treatment after their working days are over. As a matter of fact, the poorest-paid employee probably will be the one most in need of old-age benefits. The higher paid employee should be able to provide his own retirement fund out of his current compensation.

Whether or not the distribution of points here suggested is the best is open to question. It is based on the thought that the old-timers now in

(H) For example let's say a contribution was made of $50,000 on April 1, 1949, on which date there were 2,316 employees on the company's payroll whose individual participation would be computed as follows:

		Points	
Employee	*Years Employed*	*Individual*	*Total*
650	Less than 1 year	None	None
847	1 to 4	1	847
642	5 to 9	2	1284
104	10 to 14	3	312
61	15 to 19	4	244
8	20 to 24	5	40
4	25 to 29	6	24
2316			2751

Each point of this contribution to the fund would represent one 2751st of $50,000 or $18.22.

(I) If at the time of retirement of an employee the annuity payable to him amounted to less than ten dollars a month, he would have the privilege of deciding to take payment on any other basis he might choose.

(J) Termination of a worker's employment with the company before his retirement date, his sixty-fifth year, will have no effect upon his receiving his annuity from the time he reaches the age of sixty-five.

service have gotten a late start on the accumulation of retirement savings and should have a chance to catch up. As each year's contribution is independent the basis for participation could be later changed as seems best at the time.

(J) There is an objection not always recognized against ending an employee's participation in an earnings-sharing plan at a time when he terminates his services with the company. It introduces an extraneous argument into decisions as to whether or not his services ought to be terminated. If he wants to quit he may hold on against his better interests for fear of losing his retirement benefit. If his discharge for inefficiency or any other reason is being considered the argument always comes up of the unfairness of robbing him of his retirement benefits. Cases have even been brought up of terminations of strikers who claimed that their vested rights in a retirement fund interfered with the company's right to discharge them, regardless of whether they had violated the union's agreement in striking when they did. Therefore, it would seem better that a man carry his participation with him wherever he goes after once it has been accredited to him.

(K) Failure to apply for annuity within sixty days after a participant reaches the age of sixty-five will cancel his rights. They may be reinstated, however, upon recommendation of the Welfare Committee.

(K) Participation certificates should be issued to all employees as evidence of their participation rights. The certificate will be surrendered as proof of claim when a participant reaches the age of sixty-five.

By a careful analysis of the plan here presented, point by point, it may be possible for the management of a business to develop a plan for its own use that will go far to meet the ultimate or contingent needs of its employees. It might seem that the plan could also be devised to include current payments to all employees as an incentive to each to contribute what he can to improve earnings. The two purposes cannot be blended. The history of earnings-sharing plans which have failed proves this generality. Moreover earnings-sharing as an immediate incentive becomes less and less potent the farther down it reaches into an organization. Successful plans of the incentive type that include all employees, such as the Lincoln Electric plan, are exceptions to the rule and may owe their success to factors other than the plans themselves. For example, Mr. Lincoln's personality may have more to do with creating a happy, hard-working creative organization than his earnings-sharing plan.

If an earnings-sharing plan as an incentive to increase earnings is in contemplation it will be wise to introduce it step by step. Begin with the president and be careful to stop before getting into the area where costs exceed returns.

What Makes Successful and Unsuccessful Executives?

By BURLEIGH B. GARDNER

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How can the successful executive be recognized in advance? Despite a high I.Q. and great technical skill, a man's relations with others can lead to his failure as an executive. The Thematic Apperception Test was designed to reveal the successful and unsuccessful executive traits, which are here described with case histories.

IN CHOOSING younger men for promotion into the executive ranks, how can the potentially successful executive be recognized in advance?

Many executives have found that persons of high intelligence and practical competency often turn out to be ineffective when placed in positions of increased responsibility. It is not that these persons do not know the business or lack the technical skills. It is rather in the area of their relations with others on the job and their behavior within an organization that the real difficulty is found.

Research done on the problem of executive selection has lately developed the reasons for such failure. Techniques validated at Harvard University and fashioned into workable tests at the University of Chicago, have given us the answers. It is known how to uncover such failures now—in advance—and how to prevent them.

Application of these tests among business enterprises * now show (1) that it is not only possible but practical to test junior executives in quick form and determine in advance whether they have the stuff of which successful business executives are made, and (2) that the characteristics of the successful, practicing executives —as well as the unsuccessful variety—can be designated clearly.

From the extensive testing done with junior and senior executives, it is now clear that successful business executives have many personality "traits" in common. So have the unsuccessful ones.

Despite the differences among men, the common personality structure of the successful executive has the following eleven "traits," all of which can now be spotted in advance by the newer tests. The unsuccessful executives have twelve "traits," any combination of which is usually sufficient to undermine a business career.

Turning to the successful executives first, we may designate their "traits."

1. *Achievement desires.*

The pleasure of accomplishment is a potent drive among able executives. They must accomplish and achieve in order to be happy. In some personalities, however, there is a sort of false-face achievement drive which is different from the genuine article. This sort of person hankers for glory and looks to the future in terms of the glory it will shower upon him.

That is different from the achievement drive of the successful executive, who is motivated more by the sheer accomplishment of the work itself. It is not that the successful executives do not want more income or increased prestige. Far more real to them, however, is the continual stimulation which arises from the immediate tasks well done. It is that passion for achievement, more than anything else, which animates the successful executives.

2. *The idea of authority.*

The successful executive's idea of authority is that it does not hamper, inhibit or constrain him; he accepts it without resentment. He looks to his superiors as persons of greater training and experience whom he can consult on problems and who issue guiding directives to him which he accepts without prejudice. This is a most necessary attitude for the successful executives, since it controls their reaction to superiors.

Executives who view their superiors as prohibiting forces have trouble working within an organization. Unconsciously, they resist superiors, or do things to obstruct the work of their bosses, or, finally, they may assert their independence unnecessarily.

* Comprising 473 executives from fourteen firms in the following fields: durable and consumer goods production, retail and wholesale distribution, transportation, advertising—with outlets, plants or offices in every section of the United States.

A young man was accepted for a junior executive training position. He had fine qualifications, good college training, excellent appearance and poise, and agile mental abilities. The psychological analysis detected only one potential source of real difficulty—his concept of authority. He saw his associates as competitive persons whom he must outwit. He had no clear-cut image of superiors as guiding or directing figures. Hence it was predicted that he would soon get into difficulty with his associates and superiors. For about two weeks none of these symptoms appeared. Then his associates began to complain to their department head that this man was being overly critical and cutting in on their work. Soon after, the young man himself began to be increasingly difficult to direct; he became more resistant to suggestions about his work. Finally, the company was forced to release him.

A middle-aged man who had been with one company for about two years had requested a transfer to another department. He had been placed in several positions in various departments of the company. In each of these he had done reasonably good work and there had been no outstanding complaints about him. His name had come up for promotion several times, but somehow he never was promoted. He was tested when he had requested another transfer and the test analyses—made before any of the above history was known—showed him to be a man of good though not outstanding abilities, and able intellectually to cope with most intermediate level positions. His concept of authority, however, placed him at the top; unconsciously he felt himself to be better than most of his superiors. When this finding was presented to the man's superiors, they were able to substantiate it completely. They cited instance after instance in which the man acted as if he were doing the company a favor by working there. In short, the subordinate's idea of authority made it difficult for him to take orders and operate successfully within the organization.

3. *Strong mobility drives.*

Successful executives have strong drives toward achievement, material rewards and prestige — in that order. Material rewards and prestige will keep the individual working with zeal equal to that aroused by a desire for achievement. But the particular kind of work and position which will interest men will differ with the nature of their mobility drives. The successful executive's drive, however, is always first aimed at achievement.

The different motivations behind an individual's drive can be of considerable importance in determining his placement.

In one company two men were being considered for a special training. This job involved working in all areas of a new section of the business and eventually assuming a responsible position within it. For the year's training, however, the two men were to have no special titles or responsibilities other than learning all the angles of the business. The psychological analysis suggested that one of these men would adapt readily to this situation while the second would not. The report on the first man emphasized that he was primarily interested in work, accomplishment and new ideas; that therefore this new training situation would be accepted as an exciting challenge. The second man, however, seemed far more concerned about the outward symbols of a good job than he was about work accomplishment or learning new things. His title was quite important to him. He had let it be known in his community that he was an "Assistant Director" in an important business. He liked his private office with a secretary outside. He was a good worker, had above average abilities, but tests showed he derived more satisfaction from the social implications than from the work. Therefore this new job was reported by the psychologist to be quite a threat. The man would have no title, give up his office, would be just a "learner." Both men were put on this training job. As predicted, the first man went at it enthusiastically and thoroughly satisfied his superiors with the rapidity with which he learned the new procedures and adapted to the new situations. The second man, however, soon began to display symptoms of dissatisfaction. He could not seem to learn the new procedures, he criticized unnecessarily, he showed no enthusiasm for finding out new things. His mobility drive, unfortunately, was in the wrong gear, and he soon failed.

4. *Organizational ability.*

The ability to bring order out of chaos is another characteristic of successful executives. All of them, moreover, have the ability to take seemingly isolated events or facts and see relationships that may tie them together. In short, they can organize efficiently. Further,

they are interested in looking into the future and are concerned with predicting the outcome of their decisions and actions.

5. *Decisiveness.*

The characteristic of decisiveness does not mean that an executive must make quick and final decisions in rapid fire succession, although some do. More crucial is the ability to come to a decision among several alternative courses of action—whether it be done on the spot or after detailed consideration. Very seldom does this ability break down. While less competent and well organized individuals may become flustered and operate inefficiently in certain spots, most of the successful men force their way to a conclusion. Nothing is too difficult for them to tackle and try to solve.

6. *Firmness of conviction.*

One way of differentiating between people is in the relative strength or weakness of their notions of self-identity. Some persons lack definiteness and are easily influenced by outside pressures. Some, such as successful executives, are firm and well defined in their sense of self-identification. They know what they are and what they want, and they have well developed techniques for getting what they want within the framework of their desires and within the often narrow possibilities of their own organizations.

7. *Activity and aggression.*

Successful men have a constant drive to be moving and doing. The executive is essentially an active, striving and aggressive person, although not necessarily so outside of business. This activity and aggressiveness are always well channelized into work or struggles for status and prestige. There is a constant need to keep moving, to do something, to be active.

This does not mean that they are always in bodily movement or moving physically from place to place (though this is often true), but rather that they are mentally and emotionally alert and active. This constant motivator unfortunately cannot be shut off. It may explain why so many executives find themselves unable to take leisurely vacations or to stop worrying about already solved problems. A possible contributory fact is seen in the following point.

8. *The need to overcome a sense of frustration.*

Successful executives have a pervasive fear of failure. If one is continually active, always making decisions and grappling with problems, any inability to do so successfully may well result in feelings of frustration. This seems to be true of executives. In spite of their firmness of character and their drive to activity, they also harbor a rather pervasive feeling that they may not really succeed and be able to do the things they want.

9. *Realism.*

As opposed to those who may be over-idealistic and lack practical sense, successful executives are strongly aware of immediate realities and their implications. They keep their feet on the ground. They are interested in the practical, the immediate and the direct. Their inclination is to grapple with the realities in a forthright and energetic manner.

However, a too strong reality sense that does not find the realities in tune with the individual's ambitions may well leave a further sense of frustration and of the unpleasantness of reality. This happens to many executives who find progress and promotion too slow for their drives. The result is often a restlessness rather than activity, a fidgetiness rather than a well channelized aggression, and a lack of ease that may well disrupt many of their usual personal relationships.

10. *Relations with others.*

In general, the mobile and successful executive looks to his superiors with a feeling of personal attachment and tends to identify himself with them. His superiors represent for him a symbol of his own achievement and activity desires and the successful junior tends to identify himself with these traits in those who have achieved more. He thus is responsive to his superiors, the nature of this responsiveness of course depending on his idea of authority, and the extent to which his sense of frustration is present.

On the other hand, he looks to his subordinates in an essentially impersonal way, seeing them as "doers of work" rather than as people. This does not mean he is cold and treats them casually. In fact, he tends to be rather sympathetic with their problems. But he still treats them impersonally, with no real or deep interest in them as persons. It is almost as though he viewed his subordinates as representatives of things he has left behind, both factually and emotionally. The only direction of his emotional energy that is real to him is upward and toward the symbols of that upward interest, his superiors.

11. *Attitude toward parents.*

In a sense, the successful executive is a "man who has left home." He feels and acts as though he were

on his own, as though his emotional ties and obligations to his parents were severed. It seems most crucial that he has not in addition retained resentment of his parents, but has rather simply broken their emotional hold on him and been left psychologically free to make his own decisions.

A man in his early thirties and employed in a branch of a company, was being considered for transfer to the central office in another state. He was working satisfactorily in his present post. The tests showed his excellent abilities, but also his strong emotional ties to his parents which were binding and clearly limited his emotional freedom. In the new job situation, it was felt this would be a distinct handicap and would put too low a ceiling on his potential promotability. These dependent attitudes had not previously been apparent. He was again interviewed and directly asked if he would care to accept the job at the central office. He replied that it might be fine but first he would have to take a few days off to go home and consult his parents. He explained that he did not like to make such decisions without his parents' agreement! Further interviewing disclosed that his parents were not financially dependent upon him and that the restriction was solely emotional. He had not lived at home for some time, but in his previous job he had always consulted his parents upon any change of work and followed their advice. It was finally decided that if this man could not make decisions on his own life, he would not be potential executive material. He wasn't.

Test findings indicate clearly that those who have not broken this tie to their parents are either too dependent upon their superiors in the work situation or are too resentful of their superiors, depending upon whether they have retained their dependency parental ties or whether they are still actively fighting against them.

In general, the relationship to the mother has been the most clearly broken tie. The tie to the father remains positive in the sense that the father is viewed as a helpful but not restraining figure. Those men who still feel a strong emotional tie—far more than mere affection—to the mother have systematically had difficulty in the business situation. This youthful emotional tie seems to interfere with the mature attitude of activity, progress, and channelized aggression. The tie to the father, however, must remain positive—as the emotional counterpart of the admired and more successful male figure. Without this image, struggle for success seems difficult.

A happy relationship with the father makes it easier for the executive to work within the framework of a large organization with its already established and operative set of over-all goals and procedures. Those executives whose self-assertion is stronger and who unconsciously yearn for complete independence—that is, are still fighting the father—will find it impossible to work within a framework of company policy established by superiors. Their feelings of loyalty are to themselves rather than to company policy which is the impersonal counterpart of the father-image.

Clearly, there are situations in which the independent, self-assertive person is of great value. But he should be distinguished in advance and placed only in such situations where these traits are of value.

One man referred for testing had most excellent recommendations and had been a responsible army officer during the war. The test analyses showed outstanding abilities, decisiveness, excellent organizational capacities and a concept of clear-cut future goals. He was not recommended for employment, however, on the basis of one feature of his test performance. The psychologists found clear attitudes of extreme self-assertion and a dislike of cooperative action. Unconsciously, he viewed himself as a lone wolf operating aggressively on his own behalf. The organization considering hiring him was an established one with a long history of successful business procedures. Individual success within it depended upon the policy of cooperative action with associates and a kindly but directive attitude toward subordinates, as well as upon an adoption of the company's over-all objectives. The ex-army officer was a man with no concept of a superior's views or of coordinate action with others. He was therefore not recommended. This finding, however, seemed to contradict his excellent recommendations and his army record. It was therefore decided to interview the people who had written his recommendation letters. In these interviews, it was found that his abilities as predicted were indeed excellent. No one questioned his capacities or his work excellence but no one could get along with him. His former employers reported that they had to let him go because he could never work with his associates. His idea had to be accepted completely or not at all. Had he been the boss of the entire organization, he might have done well. But in any other position, he would

resist cooperative action and become dissatisfied himself.

These eleven traits of successful executives are all intertwined. Various traits are or may be dominant over others; but they are all present in varying degrees in efficient business managers.

Unsuccessful Executives' Traits

What about the unsuccessful executives? The failure of some business executives has been ascribed to laziness, overwork, stupidity, drinking too much, dishonesty, unfriendliness, inability "to handle" people, impudence and many other things. All these and many other descriptive words apply, but they do not help in understanding the basic reasons why some high-placed executives act in such fashions.

Research into the personalities of executives, successful and unsuccessful, reveals that the outward behavior which leads to incompetence, resignation or discharge, is often an end-product and that the raw material of failure lies buried in emotions and attitudes. Unfortunately, most of these matters cannot be voluntarily controlled. Among the more basic liabilities of unsuccessful executives are these twelve traits:

1. *The inability to see the forest.*

The intelligence test records of successful executives have been known to fall below the scorable level while many unsuccessful men have respectable I.Q.'s. The effectiveness and appropriateness of a man's ability, however, is more important than the I.Q. score. What is required in executives is the ability to grasp broad problems, weigh alternate courses of action and then choose one course to act upon. This presupposes the ability to see the forest and the paths through the forest, despite the trees.

A detail-minded person is often a practical, realistic man who is concerned with individual trees. Many such men are considered for promotion into executive ranks on the basis of excellent work in supervisory or departmental functions. If the man's organizing ability is really limited to concrete factors and details, however, it is unlikely that he will perform in an equally competent way at an executive level where his vision must be broader.

Though he is an excellent accountant, he may be mediocre as a company treasurer. He may be an efficient traffic manager; it does not follow that he can handle the broader problems of a railroad.

More serious lack of ability often occurs when a man's interest in details and concrete factors is so strong that he cannot even grasp the over-all problem, to say nothing of dealing with it. In those cases he may never accomplish even the immediate goal and will make expensive oversights and misjudgments.

The executive in charge of a technical function of a large factory was increasingly inactive, letting his responsibilities carry themselves or be discharged by assistants without supervision. His interest and ability were completely oriented toward accurate and neat paperwork and he was relatively unaware of the broader problems that were, according to his superiors, the most important part of his position. When war work was over and he had to grapple with civilian production and evaluate competitive practices and models, he was lost. The whole basic problem of coping with competition left him bewildered. His records were beautifully kept, however.

2. *Failure to carry responsibilities.*

As one goes up the scale of executive functions, the increase in responsibility and the reliance on initiative and self-control are marked. At the lower levels, there are few alternatives to the job; it is done in a specific way and usually at specific times. At executive levels, the situation is different. There are always alternative actions; timing is something to be planned and calculated. Even the goals may be undetermined. The executive responsibility is to deal with such matters.

The way in which the executive regards his responsibility is therefore an important one and failure to accept responsibility is a frequent cause of failure. In periods of expansion, especially, men may be quickly upgraded without insight into their capabilities of assuming responsibilities and, hence, with undesirable results in some cases.

"One man is a problem to me, and I can't quite lay my finger on it. He does what he is told to do, and does it carefully. He never makes any particular mistakes, but somehow he doesn't seem to have any particular interest in his job. Not that he's bored — but he never does anything unless he's told to do it. I don't have time to tell him everything and to follow his work." Tests revealed the difficulty. The subject felt no particular responsibility for what happened; the world was a lot simpler if he minded his own business and did just what he was told. He was not depressed or poorly

adjusted; his attitude toward life was one of taking what came along and not worrying about changing things or starting innovations. As an executive, he was a failure for that reason. As an assistant, always working on exact instructions, he would have been successful.

3. *Unconscious desire to be something else.*

If a man does not find satisfaction in working at a particular job, or in working for a specific company, it is almost inevitable that the quality of his work will fall below his best level. Yet often this lack of interest in his job cannot be controlled at will despite goading or lectures. This distaste may be offset for some time by rewards, promise of promotion, or praise but such incentives work only on short-term discomforts. Such over-praised techniques cannot be relied upon to sustain persistent and abiding effort.

It is a common technique to exhort such people "to settle down," recognize their responsibilities and grasp their opportunities. But such moralizings almost invariably fail because the lack of interest cannot be voluntarily controlled. The basic urges lie in directions other than executive roles but the executive himself rarely realizes this and even more rarely can he articulate the reasons for his unhappiness or failure in his present position.

A bright young man was extensively trained by his company for which he had been a foreman. His subsequent record with them as a departmental supervisor was poor. He was markedly inadequate in his executive role, despite his high I.Q., good capacities, practical experience and pleasant cooperation. Tests revealed that he was not really interested in his work and subconsciously wanted to leave it. His honest efforts to force himself, out of gratitude, were of little avail. He was not basically ambitious for broad, executive responsibility; he wasn't however, so un-American as to refuse a chance for education and advancement. It was recommended that he be tried out in a department where he could do skilled, non-executive work. It seemed most likely that he would eventually leave, to pursue the artistic career he found stimulating.

4. *Unconscious desire to be someone else.*

An unsuccessful plant superintendent was irritated by the long working day (which interfered with cocktails), the profane, incorrect language of subordinates, and the general dirt and grime of his surroundings. Once of a leisurely, wealthy family, he was interested in earning money only to regain his formal, social status and ease.

A young graduate was outstanding enough to gain the interest of his college president and was hired by a large company for his enthusiastic references. He was an unsatisfactory junior employee since he was preoccupied with circumventing his superior and with telling highly improbable tales of prodigal successes. He did a mediocre job and waited to be "discovered."

These men have in common an intense desire for success which appears at first sight to be the drive and ambition characteristic of good executives. In the two cases cited, however, the desire for success was a specific and self-referring goal which was irrelevant to the job and foreign to the goals of the company. The goal in each case was a role which the executives wanted to play, not because they were fitted for it but because they liked themselves in such positions.

These men will seek and accept responsibility far beyond their experience and judgment, unaware of their own deficiencies but unconsciously determined upon getting to be something which they are not. They do not, as a rule, last long in the executive role.

5. *A yen for express trains.*

In some cases of failure, a man may be ambitious for broad executive power and success but so intolerant and bored with the intermediate tasks that he never earns success. Local trains are always too slow for such people. Many promising young men fail in this fashion; they cannot produce responsibly at the levels of routine tasks and are never promoted to the positions of general authority dictated by their ambitions and potentialities.

6. *Inability to make room for other people.*

Some executive positions are awesome and powerful, permitting considerable antagonism or indifference to others. Most executives, however, must cooperate with their associates, must be able to give help and accept advice on mutual problems. This is not what is commonly known as the ability "to get along with people." It is more closely akin to the ability to accept criticism, or the ability not to take umbrage at dissenting points of view.

The man who cannot do so, often finds his path blocked, or is dismissed by observant superiors who value the welfare of the group and organization.

A rising young executive proved his ability by competent work. He moved up rapidly for a time, and the continual upgrading itself partly served to conceal his antagonism and bitter competition with his associates. He was sharply curbed when, after several small incidents, he came to his superior demanding that one colleague be fired for insulting him and made outrageous attacks on the integrity of other men well known to the general manager. His executive responsibilities consistently narrowed as he repeatedly failed to work cooperatively with others.

Such resentment and indifference to the needs of other men comes from a variety of sources. In some cases, it is a carry-over from the role of a favored child who always seemed to get the privileges; it may be an arrogance which turns into rage at any frustration. This man, in his childish demands, illustrates another source of difficulty.

7. *Resistance to authority.*

The attitudes which an adult has toward authority and the emotions aroused by discipline often carry a trace of the attitudes of the child toward his parents. Many unsuccessful executives fail because, in essence, they cannot accept the direction and supervision of another person which makes them feel that they are being pushed around and watched like a child. The man described in the last case felt that the discipline of the department should be radically changed to accommodate his resentments; many employers are familiar with unreasonable demands of this sort.

The man who has never outlived his anger at the way his father threw his weight around at home, or forgiven his mother for her pleas for more filial devotion, frequently shows a rebelliousness against organizational authority which is difficult to tolerate. These range from the chronic late-comer through the man who somehow forgets important meetings and messages for his boss to the real problem who demands special privileges or ignores directions.

A competent man was discharged from one position because of "difficulties" with his superior. A subsequent employer was concerned about his tendency to ignore standard procedures in reaching his goals, and to cut the corners of established policies. Tests indicated that both complaints stemmed from one source: his resentment of authority which has undoubtedly characterized him ever since the time when he was a kindergarten student.

8. *Arrogance with subordinates.*

Another area of behavior which relates to the executive's attitudes toward authority is the way in which he uses authority on others. In a position of power over people, traits may appear which are apparently in sharp contrast to customary behavior. The man of intense ambition is usually conscious of the need to please superiors; he may overlook the need to be considerate of subordinates if it is not natural to him.

An executive of considerable authority and long experience became a problem to his organization because of his eccentric, demanding supervision. Tests showed that he considered himself far superior to others. His subordinates were of no interest to him except as their hard work enhanced his reputation up the line. He therefore treated them in a demanding, arbitrary way, with the result that his department was full of bitter, disillusioned people, intent only on moving out, to the detriment of the company.

The recognition that supervision plays an important role in company morale and is reflected in work quality, turnover, and cooperation has attracted attention to the attitudes behind the exercise of authority. Study of the emotions and feelings of the executive reveals that the difficulty in supervising is common. Involved are emotional tendencies which come into play and which are not commonly seen in a man's relations with his superiors and associates.

9. *Prejudices which interfere with judgment.*

A clear-cut ceiling is sometimes placed on the level of responsibility which an executive can take, because of systematic personal bias which leads him always to interpret situations in terms of his own fixed ideas about himself and others. Often these prejudices come out of his own background and his fixed ideas hobble him in dealing with certain types of duties.

A man who came almost literally from nowhere rose to a position of considerable prestige and authority in a large company. It was the impression of his superior (corroborated by tests) that, while the executive in question could function competently at his present level of controlling a factory, his lack of cultural and social sophistication would

be a definite handicap at higher levels. The difficulty was not that he was unacceptable but rather that he felt unacceptable. His grammar, he thought, was not of the best, nor his vocabulary, and he was keenly sensitive (had always been) to these facts. He was severely critical of people whose backgrounds were markedly different from his own. He felt, of course, that they were similarly intolerant of him; the net result was that he could not be comfortable, cooperative or productive with them.

Sometimes, these personal fixed ideas result in a feeling of general suspicion by the executive: his boss is favoring someone else, or his associates are out "to get" him, or his subordinates are trying to undermine him. These prejudices rapidly undermine a man's efforts and if, by accident, he is elevated to higher rank, he may try "to take it out" on his former associates, now his subordinates. The resultant dislocation of effort and consequent poor morale is evidence of the executive's poor quality in the first instance.

10. *Overemphasis on work.*

Outside interests and relaxations sustain the businessman's energy and balance his activities. Some men live their work to an extraordinary extent and regard their families and personal lives as expendable, even though pleasant. This channeling of interest is often apparent in very successful executives but even so it marks an unbalanced situation. Concentration on one avenue of endeavor leads to an extraordinary sensitivity to any frustration on the job. This hypersensitivity almost always leads to trouble if things are not going well. Family bickering is a natural result, to say nothing of tense situations at the office. In many cases this concentration on work leads to eventual failure.

Such narrow channeling of energy and drive often arises from a disciplined childhood in which the youth was continually required to prove his worth and in which little encouragement was given for the enjoyment of activities which produced nothing but a pleasurable fatigue.

The narrow concentration on business may — and often does — result from an intense competition in which the man feels that he will outdo his competitors by concentrating all his energy on success. This latter is characteristic of men who were faced with the competition of older children in their own families. It may spring from feelings of inadequacy, and real or imagined handicaps in social contacts. At any event, it is debilitating and exhausting.

A capable young executive lived his work, postponing or ignoring other activities, until he collapsed from fatigue. He resigned abruptly and was about to start another job with the same idea of proving himself by excessive work when he was referred for testing. In a subsequent position he was much more relaxed and satisfied, having gained a broader perspective on life. Whether this new relaxed mode of operation is permanent remains to be seen.

This problem, again, is one which is often futilely attacked by advice from well-meaning superiors, doctors, wives and friends. Since in some cases, it arises from intense illogical feelings, it often cannot be voluntarily controlled.

11. *Gravitation toward self-destruction.*

In some cases where failures were connected with overwork, the candid observer may note that the executive "seemed bent on killing himself." That is a subtle and obscure cause but it lies at the root of a good number of failures. Some men fear success; they will work earnestly for it in accord with their training, demands of their social group and their family. But when it becomes too possible or gets too real they are frightened by the necessity of taking responsibility for good work and cut themselves down.

Many men who fail when given the "big chance" are best described as self-punishing. They may have deep, irrational beliefs that they are unfit or unable, are selfish, unkind or worthless. Put into a position which demands that they be adept, responsible, generous, ethical or worthwhile, they strive to prove to themselves and the world that they are not so.

Where these deep, irrational beliefs spring from is sometimes hard to determine. Often they come from early family life. Their families expected certain norms of behavior or performance from these men as youngsters, and they never completely measured up to those family standards. They were forced to try but never succeeded. They were continuously goaded onward, but just missed the goal. More important, however, was the fact that they were never praised even for their partial youthful successes.

Sons of successful fathers who are still on the scene often feel this subconscious urge for failure. They have been led to believe that they could never come up to their father's stature, and having accepted this all their lives, they balk at disproving it by succeeding at their larger tasks.

Then also, children who are impetuously disciplined and then just as impetuously forgiven grow up and unconsciously provoke punishment in order to provoke affectionate forgiveness.

All these cases have a yearning for failure—never articulate, never recognizable as such, and never clearly evident. But they all may bog down when the big opportunity presents itself.

A generally efficient employee was puzzling and disturbing to his superiors because he could not be counted on to produce well in new situations. Usually he handled them well but at times he would fail so completely and obviously that considerable damage was done to both his and the company's welfare. Praise and encouragement had been generously doled out but without any evident effect. Dismissal was being considered when tests were made which explained his behavior. He was subconsciously convinced of his worthlessness and felt that his success was unearned, a product of luck and the more generous people who surrounded him. He failed in order "to prove" his incompetence and to provoke the punishment which would pay up his debt for their generosity.

Self-destruction is not always as extreme as in this man; it is often the spring that prevents a promising man from fulfilling his potentialities through continual little errors or failures that keep his superiors watching and "giving him a little more experience and age on his shoulders." Most difficult to treat or change because the man is usually unaware of it, self-destruction lies behind more failures and half-failures than one usually recognizes.

12. *Mental ailments.*

This appears obvious except that in many cases the ailment is far from obvious. Executives, like other people, are subject to nervous and mental disorders. Sometimes, feelings of inadequacy or biased judgment interfere with work long before the appearance of any more striking derangement. Sometimes they do not.

In many cases, the man may work productively and effectively, gaining a position of considerable importance before any serious interference arises. Such cases may be difficult to recognize, and are often difficult to handle.

The head of a large technical department was a "reserved" man who spoke rarely to people and spent his time alone in his office. Tests revealed that he was living in a phantasy world almost exclusively, equally unaware of his work and surroundings. Since dismissal would be a catastrophic shock to him, it was decided to give him an assistant to take over his functions until his family recognized the seriousness of his ill-health.

Tests were given to an administrative assistant because he forgot so many important details and seemed to do increasingly poor work. They showed that he was suffering from a serious nervous illness which was consuming his energy and making him sluggish and inattentive.

An executive was a serious problem because of his irritability and caustic tongue. He could not get along with anyone and his superiors tolerated him only because he produced high quality work. Tests revealed that his personal unhappiness had reached such proportions that he could not control himself even though he wished to be liked by his colleagues. He had a treatable mental illness but one which would not respond to encouragement or sympathy alone.

The most common ailment among unsuccessful executives is a deep and abiding depression, common because many of these men believe that they are not as productive or admirable or worthwhile as they should be. Most people are sensitive to their faults and deficiencies; this is true of successful executives also. But the unsuccessful executives, to a large extent, are so sensitive to their real or imaginary shortcomings that their sensitiveness approaches a paranoidal conviction that they cannot possibly succeed.

* * *

Failure, when it occurs, is, of course, usually the result of a combination of the factors named, but it should also be understood that failure as an executive is not a broad indictment. Many of these men can and do succeed at an equal level—or even higher—in other fields. Many men who fail in executive work are capable and effective people who merely have a subconscious and inarticulate philosophy of life different from the decision-making, action-oriented one of the successful executive.

They may be and often are interested in technical problems, research, the pursuit of ideas, or some autonomous field more than they are interested in the burden of responsibility and administration which is the

most important part of the executive function. In other vocations or fields, in selling, promotion, technical occupations, and so on, they may make important contributions and earn definitive success. But not as a business executive.

Psychological Testing

How are all these traits dug out by psychologists? How can they be detected in younger men being considered or groomed for promotion? How are they uncovered in the older men?

The outstanding technique used is the Thematic Apperception Test, referred to as the "TAT." It was originated at Harvard as a psychological technique for exploring personality and getting people to project outwardly what they feel and believe inside. The TAT was then redesigned to explore personality for specific traits. This was done by the Committee on Human Development at the University of Chicago.

In the TAT, cards with specially designed pictures are presented to applicants. The pictures used have already been thoroughly studied for normal and abnormal types of responses so that the applicants' replies as to what they "see" there can be accurately evaluated as to what they disclose of the underlying traits in the subject. The responses tell the psychologists about the personal relations and personal outlook of the subject—something which the subject can no more hide in his answers than he can camouflage the color of his eyes.

The answers to the TAT pictures are evaluated by psychologists working "blind": field staff men administer the test and the psychologists back in the office draw the character analysis.

The time involved for the complete test is about fifty minutes, although the psychologists' analysis of the responses takes at least five hours and sometimes as much as ten hours. In the 473 cases thus far tested by this method, the conclusions reached have not always jibed with the evaluations of the candidates by their superiors. In all cases of difference, company officials were encouraged to investigate letters of recommendation and other sources. The outcome of further investigation by the superiors has always been to reinforce the psychologists' findings.

Wallace Clark

THE passing away of Wallace Clark, at the Flower-Fifth Avenue Hospital, New York, on July 4th, after an illness of some duration, brings to a close the notable career of a leader among American management engineers, one who was distinguished for the success of his professional work equally at home and abroad.

It must be left to another time and place to furnish an adequate appraisal of the value of his numerous contributions to advancement of the science and art of management. Here I wish to confine myself to recording my deep appreciation of Wallace Clark, the man, and what he meant to me. It was my good fortune to enjoy his friendship for well-nigh thirty years; some of our major interests paralleled one another and we were identified with a number of organizations active in both the national and international management fields.

Wherever I had occasion to observe Wallace Clark, whether in New York, Washington, Paris, London, Amsterdam, Prague, Stockholm, Geneva or any other world center that attracted our presence, he was always the quiet, unassuming colleague and generous friend, never seeking the limelight or the transient glamor of public recognition, but always applying that penetrating intelligence and fine understanding of his to the consideration of problems presented, and striving for solutions which, when attained, owed much to his common-sense approach and marked powers of analysis.

Wallace Clark possessed many of the natural attributes of leadership: poise, knowledge, simplicity of expression and bearing, helpfulness, objectivity, direct but tactful utterance, discretion, devotion to long-range aims, and carelessness of self. Small wonder, then, that he exercised a strong and lasting influence over thinking and planning in management and related fields.

His passing away creates a void that will be difficult to fill; his memory will long be cherished in management councils. To me he will always appear in the light of a management engineer *sans peur et sans reproche*, whose aspirations have set an example worthy of constant emulation and whose standards represent goals challenging the highest professional endeavor.

DR. HARRY ARTHUR HOPF

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Transition in Corporate Controls

Exit: The Capitalists; Enter: The Managers

By JOSEPH M. JURAN

Author; Professor of Administrative Engineering at New York University; former industrial executive

Diversity of ownership in the large corporation has permitted the manager to assume the policy-making function and to perpetuate himself in power. Although management's new position as trustee for owners, employees and customers reveals important weaknesses, the manager holds broad powers, he is highly skilled and he is indispensable. To qualify for his new role, he must earn respect for his profession by exemplary leadership.

IN December 1947, the managers of the Bell System issued a Declaration of Independence. This document, signed by Walter S. Gifford, then President of the American Telephone and Telegraph Company, appeared as an advertisement (see illustration on the page opposite) in the leading newspapers and magazines. Under the title "The Responsibility of Management in the Bell System," the advertisement said, in effect, "You owners may take a seat by the fire; we managers know best what's best for you, for labor and for the customers; we have taken over."

The logic offered was in carefully chosen words: "This responsibility (for success of the Bell System) requires that management act as a trustee for the interest of all concerned: the millions of telephone users, the hundreds of thousands of employees, and the hundreds of thousands of stockholders. Management necessarily must do the best it can to reconcile the interests of these groups."

Having thus appointed itself trustee, the Bell System management goes on to explain why it, rather than the owners, the workers, or the customers should be the trustee: "Of course, management is not infallible; but with its intimate knowledge of all the factors, management is in a better position than anybody else to consider intelligently and act equitably for each of these groups—and in the Bell System there is every incentive for it to wish to do so."

On the face of it, these Bell System managers may seem presumptuous in reading their legal bosses, the owners, out of the saddle. However, this is hardly the first contention by managers that they have become the proper trustees for dividing up the fruits of industry. In 1938 Lewis H. Brown, President of Johns-Manville, made the same declaration from the lofty rostrum of the Seventh International Management Congress. If this view is to prevail, we are witnessing an important change in the leadership of the economy.

The historic position of the manager is clear and simple; he was hired by the capitalist to oversee the business *for the benefit of the capitalist*. Policy, while executed by the manager, was dictated by the capitalist. This historic position still prevails in small companies. For such companies, the managers are not trustees unless it be solely for the interests of the owners, who retain both the legal and the *practical* power to fire any disloyal manager.

However, most large companies are now owned, each of them, by a horde of little capitalists. These little capitalists cannot constitute a policy-making body. For these large companies, the multitudinous owners still retain the legal right to fire the managers. Yet the ability to exercise that legal right has been virtually neutralized by the practical ability of the managers to perpetuate themselves in power.

This is not to say that the managers in these large companies have always devoted themselves to balancing the interests of the owners, the workers and the consumers. On the contrary, the first loyalty of the managers is still largely to the capitalist. However, the capitalist has in many large companies rendered himself ineffective by becoming too numerous. On top of this, the New Deal swept the capitalists aside so effectively that today millions of schoolboys have never heard of the conflict between "Capital and Labor." As the residuary legatee of the capitalist, it is the manager who has gravitated to the policy-making post left vacant by the capitalist.

Who is this manager? What are his strengths and weaknesses? Is he destined to become the policy-maker? Can he divide the fruits of industry with an even hand?

The *manager* started in the big company as a clerk, a machinist, a chemist, a lawyer, or as anyone at all. He worked at his trade or profession for a while and

THE RESPONSIBILITY OF MANAGEMENT IN THE BELL SYSTEM

IT USED TO BE that the owners of practically every business were themselves the managers of the business. Today, as far as large businesses are concerned, a profound change has taken place. In the Bell System, for instance, employee management, up from the ranks, and not owner management, is responsible for running the business.

This management has been trained for its job in the American ideal of respect for the individual and equal opportunity for each to develop his talents to the fullest. A little thought will bring out the important significance of these facts.

Management is, of course, vitally interested in the success of the enterprise it manages, for if it doesn't succeed, it will lose its job.

So far as the Bell System is concerned, the success of the enterprise depends upon the ability of management to carry on an essential nationwide telephone service in the public interest.

This responsibility requires that management act as a trustee for the interest of all concerned: the millions of telephone users, the hundreds of thousands of employees, and the hundreds of thousands of stockholders. Management necessarily must do the best it can to reconcile the interests of these groups.

Of course, management is not infallible; but, with its intimate knowledge of all the factors, management is in a better position than anybody else to consider intelligently and act equitably for each of these groups—and in the Bell System there is every incentive for it to wish to do so.

Certainly in the Bell System there is no reason either to underpay labor or overcharge customers in order to increase the "private profits of private employers," for its profits are limited by regulation. In fact, there is no reason whatever for management to exploit or to favor any one of the three great groups as against the others and to do so would be plain stupid on the part of management.

* * *

THE BUSINESS cannot succeed in the long run without well-paid employees with good working conditions, without adequate returns to investors who have put their savings in the enterprise, and without reasonable prices to the customers who buy its services. On the whole these conditions have been well-met over the years in the Bell System.

Admittedly, this has not been and is not an easy problem to solve fairly for all concerned. However, collective bargaining with labor means that labor's point of view is forcibly presented. What the investor must have is determined quite definitely by what is required to attract the needed additional capital, which can only be obtained in competition with other industries.

And in our regulated business, management has the responsibility—together with regulatory authorities—to see to it that the rates to the public are such as to assure the money, credit and plant that will give the best possible telephone service at all times.

More and better telephone service at a cost as low as fair treatment of employees and a reasonable return to stockholders will permit is the aim and the responsibility of management in the Bell System.

Walter S. Gifford

WALTER S. GIFFORD, *President*
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

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then, as the years rolled on, he was made a boss. Less and less he worked at his original trade or profession; more and more at the new profession of being a boss. He became a bigger and bigger boss, soon spending full time at it. He had, in the main, never studied the trade or profession of managing; he learned it on the job from his elders, like the lawyer or physician of old.

As a boss or manager, his duties changed drastically. He had to put away the tools of the engineer or the accountant and learn instead to use the tools of management. He became acquainted with such tools as organization, delegation, coordination, controls, selection, training, incentives and a host of others. He developed skill in use of these tools. Using these tools of management, the manager could assemble men, materials and machines to create a productive oasis out of an industrial desert.

The great importance of the tools of management, and of skill in their use, is little known to the public. Yet it is the acquisition of this mighty skill which fits a man for a position of manager. And American managers are generally conceded to possess this skill to the highest degree.

The Weaknesses of Management's Position

1. *Management referees the division of the fruits of industry, yet plays on one of the competing teams.*

The traditional job of management was solely one of operating the business to yield a maximum profit for the owner. Subsequently the job became one of operating the business at a profit, *but* mindful of the interests of employees and customers. More recently the assertion has been made that management is a trustee for all, owners, employees and customers.

This trend is very likely all in the public interest. Yet the "trustee" is legally beholden only to the owners. Only the board of directors chosen *by the owners* has a legal right to appoint or to remove the management. A diversified ownership may seldom be able to use this weapon, but can always brandish it. How, then, can the trusteeship contention stand up, either in the law courts or in the court of public opinion?

2. *Management governs employees without the consent of the governed.*

Here is a historical paradox. Even while the political citizens of the eighteenth and nineteenth centuries were establishing the doctrine that government must derive its just powers from the consent of the governed, the industrial society, smaller than a man's hand, was on the horizon. That society has engulfed millions of people into its direct activities and has organized them into industrial communities of great size. The laws of these new communities have been enacted by managers never elected by the citizens; the execution of the laws has been by managers never elected by the citizens; the judgment of wrongs has been by managers never elected by the citizens.

As a matter of fact, there was no separation of powers. Management had legislative, executive and judicial powers all housed within itself. The opportunity for tyranny was boundless, and there were all too many usages of that opportunity. It is hardly necessary to add here that the basic source of power of the union heads is derived from the fact they *do* owe their position to the consent of the governed.

3. *Management has relied on the authority of rank rather than the authority of knowledge and respect.*

It has been the habit in industry to believe that the number of stripes on one's industrial sleeve, or the altitude on the organization chart, should, to those of lesser rank, constitute the basis of unquestioned obedience. This has generated some truly vicious instances of industrial totalitarianism. There is still much talk of management "prerogatives," as though these prerogatives can be acquired and retained without earning them.

In contrast, other and more enduring forms of authority have scarcely been exploited. The authority of knowledge, derived from professions and skills, and especially the authority of leadership, derived from fine personality, are only in their incipient development in industry.

4. *Management's skill in handling men has been far below its skill in handling money, materials or machines.*

Recent studies disclose that management has operated under erroneous beliefs about what the employee wants. Management's research into human matters has been far short of its researches into technical matters. Many a labor union effort is directly traceable to poor management practice in personnel relations.

Many companies have commenced to make up for lost ground, but there is much ground to be made up. The initiative gained by the labor unions has been skilfully exploited by labor leaders, even to the point of telling management, sometimes to "quit doing this because *you* want to do it and start doing it because *we're* telling you to do it." But in the mind of the workman it is the labor union and not management who has gained him satisfaction for his grievances.

5. *While asserting the right to govern the employees, management has largely disclaimed responsibility for their welfare and security.*

There have been some notable exceptions among companies, but in the main, the social reforms of the past have been rammed down the protesting throats of management. Even today, the annual wage, the doctrine of rights in the job, the pensions for superannuated workers and other current problems are scarcely receiving the extent of managerial attention such as is devoted to unionization of foremen, or other invasions of management "rights."

It is a bleak record to have stood so consistently on the wrong side of so many developments which in retrospect now seem so obviously right. Management has yet to convince the workman that his welfare will prosper in management's hands. Here is clearly a place where authority must be earned.

6. *Management has made only a feeble presentation of its case.*

This is in part due to the fact that management does not clearly understand its own strengths and weaknesses or even its role in the broad scheme of things. It has so occupied itself with day-to-day problems, and has so cloistered itself in their performance, that the grand march of the century has largely escaped notice.

Moreover, management has muzzled its junior executives and technicians, who are potentially among its most vigorous defenders. Few outside of big industry realize how stifling has been the censorship within. The right to public utterance is restricted to a chosen few, and all too often they do so from dehydrated copy, under auspices long associated with social backwardness. It is absurd to suppose that the published pronouncements of tycoons can be relied upon to "sell" management to the citizen in the face of the grass-roots campaigns of other groups.

As a moulder of public opinion, management is but an infant.

* * *

The foregoing list of defects might seem to have fatal proportions. However, the strengths of management are perhaps more significant than its weaknesses. The strengths may likewise be catalogued:

1. *Management still holds broad powers.*

With all the inroads made to date, it is management which retains the legal right to act for industry. It is management who signs the papers which spell action. It is hardly necessary to emphasize that those in power can use part of that power to perpetuate that power.

2. *Management possesses tremendous skills.*

The skill of management is different from the skill of the tradesman or technician of industry. The art or science of managing involves the use of special managerial tools already enumerated. In the knowledge and use of these managerial tools, American management can, despite certain recognized weaknesses, claim the world's championship.

However, few of the public are aware of the importance or even of the existence of these skills, let alone the superior performance of American management in utilizing those skills. Until that story has been carried to the public with the same luster as has the story of the generals or the scientists, the indifference of the public is hardly reprehensible.

3. *Management is indispensable to any economy.*

It is conceivable that the owner's legal control over industry may shrink still further, even to the point of ineffectiveness. But management will remain indispensable, if the decisions of the new policy-makers are to be put into effect. Those who face the problem of carrying out policy with a weak management understand clearly how indispensable is good management.

4. *Management's recent record looks good by contrast.*

Management has, in the public mind, behaved well in contrast to the greedy "robber barons" of the nineteenth century. During recent years it is labor and not management which has seemed indifferent about whether there is going to be coal in the bin. It is labor which seems to want pay for useless work or no work at all. It is labor which seems willing to stop work for weeks over a cent-per-hour.

It is not that management is spotless in these matters. Nepotism, stuffed-shirtism, autocracy and greed are present in management in more than slightly discernible amounts. In particular, a number of men now at the top will go to their graves unconverted to the idea of industrial democracy.

But the public has no fear today that management will pull the master switches and throw the economy into darkness. It is labor's use of this technique which made the Taft-Hartley Act possible. The dog-house may be in process of changing tenants.

5. *Management is developing industrial statesmanship.*

Management is commencing to show clear signs of positive leadership in the economy. Exemplified by American Management Association and the Committee for Economic Development, this new leadership is in

sharp contrast to the "around-the-corner" bewilderment of the early 'thirties, the stone-blind opposition of the late 'thirties and the "save-free-enterprise" hysteria of the last few years.

The most hopeful sign is that management has been re-examining its own premises. In doing so it is discovering that these premises, rather than the superimposed logic, have been mainly responsible for the blind spots of the past.

It is significant that this new leadership is bypassing the older management fraternities. New bodies like the Committee for Economic Development generate more confidence among management than does National Association of Manufacturers, hampered as it is with a long record of reaction.

The trend to positive leadership has not been without travail. The liberals in N.A.M. have to fight their more conservative colleagues. This contest, while free from the pyrotechnics that characterize the debates in the ranks of organized labor, has nonetheless been intense. Even the N.A.M. contains the seeds of wholesome industrial liberalism. Through such turnover the outlook a decade or two hence may well be for a truly enlightened crop of management leaders. The young executives of industry are more concerned with making and selling goods than with the niceties of whether the New Deal was wonderful or terrible.

* * *

It is very well to talk about the great skill possessed by management in executing policy. It is another thing to conclude that the manager should "therefore" preempt policy-making as well.

The suggestion has often been made that a board of directors should consist of representatives from ownership, labor, consumers, the public etc. as a means of securing a balanced policy. However, under corporation law, the capitalists have the sole right to name the board of directors. In the light of the events of the last twenty years, when the owners have — in their opinion — lost one valuable right after another, it is difficult to envision many such "balanced" boards being created.

In many large companies the manager has already become *de facto* the policy-maker, moving into the vacuum created by the defection of the capitalist. Labor has made great strides in the last fifteen years and will very likely go much further despite having overextended itself temporarily. The multiple small owner of big business is hardly a contender to resume his former seat. The politician has made a number of sorties both in peace-time (NRA) and in war-time (WPB), but it now seems unlikely that the politician will be the industrial policy-maker, at least in the United States.

At the moment then, Mr. Gifford seems precisely in point to make his Declaration of Independence. In the foreseeable future, who, if not the managers, will establish policy for the big multiple-ownership companies?

It is hardly necessary to say that no one but the manager really thinks he can divide the fruits of industry with an even hand.

For management to become recognized as the professional trustee, on whom all can rely, requires that management earn the respect accorded to a profession. Such respect can never be earned by partisans; it can be earned only by those whose acts are grounded in the universal and ethical principles of a profession.

The judges of the law and the diagnosticians of medicine have achieved precisely such judicial positions in their respective professions. To do so they have traveled from obscure origins over a long bridge of professional principles. It is precisely this bridge which management must build and cross.

Win or lose, the manager will still be there, for he is as vital to the economy as the laborer or the farmer. But where to lose means to drop to the level of a highly skilled technician, to win means to retain a big voice in policy formation as well.

Having passed, in its conflict with labor, progressively through the stages of surprise, confusion, alarm and despair, management seems at last to be collecting its strength and its wits. The signs are that management is setting out to earn its position anew by exemplary leadership instead of continuing to lose that position by prattle about prerogatives.

All this is a slow process, measured in years. It may well be that before management can make a stand it will yield still more ground to labor and to the politician. But the long-range opportunity for management seems bright rather than dark. True, the top ranks contain now many who simply cannot change; to do so would deny the habits and philosophy of a lifetime. But these autocrats have by no means corrupted the new management generation, many of whom rode out the depression in the same leaky boat with labor.

The prize in this contest is a stunning one. It is nothing less than the right to exercise the dominant influence in dividing up the fruits of industry. In an industrial society, when military might, standard of living, and economic power are all largely traceable to the fruits of production, this prize seems to the contestants well worth the strife.

The Role of Scientific Research in Human Relations

By WILLIAM A. HAMOR

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Society regards as essential to our culture, institutes for research in the natural sciences. Social science needs equally strong centers of study, in which patterns and procedures can be based on those of the natural sciences and in which all scientists can contribute to the establishment of a new natural science that will yield tenable conclusions about our society and bring out the principles on which a happy, productive society can rest.

FOR the benefit of mankind there seems to be needed a new synthesis of vision and hope to help in putting moral and spiritual development in stride with material advancement. The grave unsolved problems of the world are those of human relationships; there are required the making and applying of tools that can shape congenial societal improvement. It is thought by many that success in filling this great want will come only through enough research by social scientists. It is the purpose here to bring out that useful data for this task may be derived through realizing that social science is a natural science and that it should share the attitudes and the investigational methods of other natural sciences, modified to fit problems presented by social actuality. The object of science is the systematic effort to expand the frontiers of dependable knowledge; the positive aim is the good of man and the betterment of civilization. Man is growing dependent upon the power of scientific research because he sees its effects on his welfare and also because he can reach by it higher planes of maintenance, without which he can no longer exist satisfactorily.

Among all human resources natural science has a top place. So far-reaching, so intermingled with life is this science that the public, largely through its observed advantages and accessible literature, has gained a general sense of its broad scope and useful effects. The meaning of natural science to the intelligent layman is the demonstrable knowledge of the facts of the world and of ways for their application. It is understood by him that scientific research and its features, as to form and functions, are based upon natural science and its utility in the pursuit of truth and well-being; that research follows this science, to seek, to find, to serve. Research is valued highly in the many fields that have benefited by it. The ascent of research in industrial management, keeping in step with the growth of natural science, shows additionally the efficacy of the scientific method.

Scientific research has become a great human reality because mankind lives in an atmosphere of incompletion. Science therefore investigates the unknown and unexplained things about man in his world. The leading objectives of scientific research are to overcome the crises of life, to enable man to have as adequately full and good an existence as possible with the best available security and continuity. Research is not only the steering gear of science; it is also a condition in and for science that brings forth the means of inducing and implementing scientific experience. The research impulse is constantly beckoning out in the front of science. For example, the discovery of a new principle often leads to the discovery of new facts, and the discovery of new facts either to the formulation of new principles or to new methods of statement.

The Social Influences of Natural Science

The history of natural science discloses that as its knowledge is expanded by research one area of phenomena after another yields to its explorations. When people learn that scientific investigation has produced a new reliable result, they seek under the guidance of natural science either to adapt to it or to control it. Especially when professional endorsement is accorded to the research explanation, the knowledge is more readily accepted and the adapting or controlling process tends to be scientific. There are liberal public opinion and trust respecting natural science research principally because its achievements are so visible and practical as to win general commendation.

In all walks of life research results modify human be-

havior in respects that are well known and well liked. Society is so directly and indirectly affected by discoveries in natural science that this science and its research exert certain controls upon society and contribute to the definition of areas of behavior, especially the useful ways in which advancing men must behave. All of us are familiar with the social influences of new employment, better health and novel conveniences that have come from scientific investigation. Manifest likewise is the fact that research procedures are sometimes modified so as to be adjustable to changes in the culture of which natural science and its ramifications are constituents. Everything, material or immaterial, made by man in the course of living is within the concept of culture. All facts of culture begin as novelties or inventions, and the organization of thought is a most important aspect. So long as culture is alive it grows and changes.

Scientific research is a mighty engine of cooperation, capable of generating the support of the professions. It is itself the product of mental and social processes applied in group collaboration because of interests and needs. It is not something apart but always draws upon changing experience. As scientists have moved forward in gathering new knowledge of usefulness and as they have demonstrated ability to manipulate nature, they have not failed to keep abreast of the wants of the times. Science tries to be a bulwark against chaotic changes and relationships in society in all building and reconstruction. Since science is made by man it can be remade by perception, investigation and understanding. Having in research a force for accomplishment and influence, the sway of science can be constantly strengthened.

Motive of Science

Science is thus gradually gaining a social conscience by which it endeavors to preserve its integrity and to preclude the improper application of its discoveries. Everyone who is fully sentient of the impact of research upon life is aware of this scientific aim. And the time is coming when there will be widely extended such a sympathetic understanding of scientific motive, especially among governmental authorities responsible for national welfare. Among its purposeful obligations science is the potential ally of ethics in realizing media of arriving at goals offered by moral law and of philosophy in attaining better living in general. Science of course is concerned with factuality.

To the applied results of natural science research can be traced much of the rapid social change of recent times — change to which society has become so accustomed that it is regarded as normal. Progress implies improvement; therefore research and education in natural science have focused attention on accomplishing changes believed to be desirable. The scientific habit of thought with its objectivity and realism has penetrated deeply into social reflection and action and has given rise to scientific psychology, anthropology and sociology. While in research in social areas many experiments may be anticipated but not be planned in advance, a growing body of social scientists hold that only natural science methods can yield tenable though always tentative conclusions.

The development and dissemination of scientific ideas can enable society to add to the efficiency by which its purposes are accomplished. Psychology and sociology have developed an array of evidence that is beginning to influence human values, which are the justification of social purposes. To the extent that human values are drawn from traditional social sanctions, they are derived from societal and group experience of earlier periods and may be outworn. Social science may make its greatest contribution by helping to render human values more rational and defensible in the contemporary scene.

Human Ideals in Science

As interests of mankind have increasing ascendancy in the general outlook of scientists, their professional concern becomes correspondingly centered upon distinctively human ideals. Scientists thus inspired wish to have a share in releasing mankind from any thralldom of the past. To them the present and future are most significant and their thinking is not delimited by their own specialties. They can perceive the collateral branches of their specialization, its relations to other segments of science. No single scientific field by itself has ever had the strength to cultivate all its potentialities. Throughout the realm of science, imagination, originality and creativeness do not thrive if they are enclosed and confined. Vigor frequently results from hybridism in science, as is displayed by such cross-breeds as economic geology, chemical physics and medical climatology.

Specialization in science is methodically integrative in purpose; it facilitates and speeds up the processes of gathering and classifying knowledge and in doing so it enlarges the horizons of investigation. Scientific specialization thrives best in large-scale organizations under generalized management with its coordination. Hence in the development of this specialization there is

the tendency toward sizable groups, to which in each instance certain functions are delegated and discharged. Efforts to integrate scientific knowledge in general can conduce to superficiality inasmuch as the whole fabric of science is not interwoven by visible threads.

The Need for More Social Science Research

Outstanding in carefully managed non-profit chemical, physical and biological research laboratories are the productive and constructive motivations underlying the procedures in use. The purpose is to provide through systematic scientific investigation gratification of certain major human wants. The relative importance of such an organization may depend upon the urgency of the specific wants concerned, which is especially likely in wartime and in periods of economic distress. The professions and the public they serve have thus come to look upon well-founded, well-directed chemical, physical and biological research establishments as essential elements of our culture.

A pressing lack is similarly strong social science research headquarters to acquire new knowledge of human behavior and social relations, useful for our guidance. The teaching of human relations should get much more attention; the actual source of all scientific advancement is the research which characterizes university graduate schools. There is a heavy production of sociological publications but there is more compilatory work than original effort because of the environment in which sociology is forced to operate. It is encouraging to learn, however, that some large-scale social science investigations are being fostered in several educational centers, including Chicago, Columbia, Harvard and Michigan. Another good sign is that the Carnegie Corporation of New York is sponsoring under the auspices of the National Research Council post-doctoral studies in both social science and other natural sciences.

The humanities have furnished a plain perception of our heritage; social science aspires to build upon that foundation the superstructure of a stable and contented society. In that effort, as social scientists have indicated, extensive research is required to bring out the principles upon which such a society can rest, to aid men to live in happy and productive harmony with their neighbors. Social issues can only be defined on the basis of hard scientific work; progress can only come with better knowledge of human nature and how it functions. Social science covers all phases of the problems of human relations. In studies of these relations in industry it has been found that many characteristics of the factory social system can be delineated. The community is much more loosely knit in its structure, however, and therefore presents many difficulties in the exact determination of patterns in human inter-actions.

Social Science in Industry

As a part of campaigns to get over to employees the story of corporate stewardship, industrial companies have been endeavoring to educate workers and plant communities on the social and economic implications of jobs and production. A company can encourage its employees to make friends, to help their community; but with the guidance of social science much broader and more worthwhile human relations can be built up. The behavior of workers should be explained in terms of their place in the structure of the company. Specialized interviewing and observation can bring many useful data. Changes in presenteeism, turnover figures and production should be joined to observed changes in human relations. The interdependence of parts of the organization must be discerned and assessed. By analysis of a problem before, during and after the introduction of changes, valuable findings can be derived.

As social change proceeds all the time, as applied natural science and technology are dynamic, social science will also not be static. For example, if proper development is accorded to psychology, sociology and economics as fundamental sciences of the administration of production, results will undoubtedly be had that, upon integration with data on human association securable from other research, will bring valuable knowledge of the industrial community as basic in society. Our nation offers vast opportunities for studying principles proposed for benefiting society, but there are insufficient support and team-work for elaborating methods of investigation and appraisal that will insure accuracy and objectivity. There is also a scarcity of trained personnel.

With the increasing complexity of modern culture and with the growing consciousness of total welfare as a desirable end, the subject of planning on communal, national and international levels should be well sustained in the future. Social scientists tell us that this planning can be successful only to the extent that it is adaptable to the general temperament and consistent with the fundamental cultural attitudes of the group it seeks to improve. Social problems originate in inharmonious relations among persons; research on these problems must go back to basic social processes. Today human engineering is a useful sector of psychology.

Tomorrow, let us hope, social engineering will be a definite part of sociology, embracing the application to societal affairs of principles analogous to those of advanced management and industrial engineering. It will give rise to new insight, new skills, new techniques.

Opportunities for Cooperation by Scientists

Only social science with the aid of other natural sciences can learn how to change the manner in which we live to comport with these conditions. Well charted, well sustained collaborative research in human relations by competent specialists will show the way by which we must go.

We are a long distance from understanding human relations in the sense in which we understand the material world. This remoteness should induce physical, biological and social scientists not to be aloof respecting intermingling and mutual effort. In the management of industrial research, we have been glancing for many years at prevailing social life, social phenomena and social action as they relate to advances in physical science, health conservation and technology. We have been able to cooperate by applying knowledge gathered by research in those domains to the investigation of problems of communal development. Such aid is facilitated by the powerful methods of inductive inference and the constantly growing abundance of mass observations at the disposal of scientists.

Natural science provides certain patterns and procedures for research in human relations. This science leaves to social policy-makers the finding of relief from societal tensions and disturbances, but scientific measurement and definition can assist in gaining the moral and social wisdom upon which desirable government and peace can rest. Deliberations of the United Nations have brought out the great concern of the practical applications of natural science to public administration and human needs, apart from accomplishments and refinements in scientific methods and research. Social science must be invoked to show how man can obtain a contented living, how he can change with new conditions, new environments.

The various natural scientists — physical, biological and social — should therefore be encouraged to work jointly in building national structure, in filling needs of the times by bringing about advances in society through organized collaboration. To achieve a steady social march of self-restraining freedom and happiness, all relevant science and all its available talents must unite effectively in attacking urgent problems of society. Research procedures adopted for dealing with problems of the physical universe and all educed data of likely utility should be made available and interpreted to social scientists. Cooperative links should thus be welded among biology, public health, medicine and social science. For instance, basic data on the functioning of the human mind could be jointly provided, translated and utilized by physiologists, biochemists, psychologists and psychiatrists operating in a team with sociologists.

Investigate Human Problems Scientifically

Man's control of natural forces, while incomplete, has far outstripped his control of himself and of his societal place and obligations. Hence pertinent investigation of breadth is most seriously needed. This research would enable scientists to cope with problems of the greatest intellectual interest, of the highest importance. The processes of human relations are similar in delicacy and significance to vital processes in general; human problems should be investigated in human beings and aggregates in the full light of the human and social sciences. This attitude is vastly more essential now than when Alexander Pope pointed out that "the proper study of mankind is man." Available experience in public and professional relations, personnel management, industrial hygiene, industrial economics and regional planning supports this viewpoint.

So extensive is the range of natural science that it touches every part of the field of social activity. Communication and cooperation in the physical, biological and social sciences should form the connective frame of society for inducing and sustaining social cohesion. Social science could thus make real progress in solving problems arising out of the impact of the physical and biological sciences upon society, could increase the capacity of the community to grapple with and to adjust to changes. All science will serve best and be most vigorous when in unity it can draw upon all the resources of good will and knowledge.

As the center of action in science has moved to our country, American scientists are expected to lead in mapping the world's scientific future, in meeting needs of mankind by scientific research. With sufficient support, organization and collaboration they can fulfill this great responsibility, provided the educational system is enabled in the future to supply enough new scientific manpower.

Book Reviews

Why Men Work, by Alexander R. Heron. Stanford University Press, Stanford, California, 1948. 197 pages. $2.75.

MR. HERON, who writes from a background of business experience as well as academic research, set himself to answer the double question of why men work and why they don't work. The resulting book, which is addressed primarily to those in management positions, deserves attention on three counts: (1) the questions he raises as one progresses through these not-too-well-organized chapters which constitute in reality a series of essays; (2) the hypothesis which he throws out in answer to his central pre-occupation with the springs of action; and (3) the plan of research and action which he proposes. It will be profitable here to concentrate upon the last two aspects.

The working hypothesis which is "modestly offered" on page 172 is challenging. Of its six details, the first and last propositions suggest its nature:

> 1. There is a common denominator in all the situations in business and industry where teamwork has been achieved; here the answer has been found, whether identified or not, to the question of why men work.
> 6. The common denominator is the opportunity for the average worker to share in the task of thinking.

It is not easy to trace the steps by which Mr. Heron arrived at this hypothesis, but they include earlier chapters in which he finds that the search for material satisfactions is not enough to explain why men do or do not work, that interest and pride in one's job on the basis of its significance are constituent explanation elements, as are the striving for status in the eyes of one's fellows and the hope of attaining self-satisfying goals—although obviously this latter might embrace all the former.

As for the plan of research, Mr. Heron is convinced that best results will come from particular studies carried on by individual companies to answer specific problems. Eventually, the sum of these should provide some of the more generalized answers we seek. Even so, he is not hopeful of arriving at any general "formula" that will serve as a cure-all.

It is in his suggestions for internal research and its uses that Mr. Heron is at his best and from which management readers will probably profit most. One of his best chapters is that entitled "Things to Think About," in which he outlines some "typical" problem areas in which employee cooperation may be enlisted by a joint employee-management thinking through of the problems.

Aside from those differences of opinion which can usually be expected between author and reader and which serve to stimulate thinking (apropos of which I would register sharp disagreement with some of the implications in the chapter on "Subversive Influences"), there are, however, certain basic weaknesses in this book.

First, there is need for greater care in the phrasing of the questions Mr. Heron sets out to answer. The question has been stated as "why men work" (in the text, amplified to include why men don't work). In spite of the misleading nature of the questions as thus stated, it becomes obvious that Mr. Heron's real concern is that men do not work more, not that they (or at least most of them) don't work at all. And implicit in his writing seems to be a moral judgment which he may not have intended—that most people are not working as hard or as much as they should, because they are improperly motivated. For example, Mr. Heron's scorn seems at times to be directed against six-hour days as much as against featherbedding restrictions. Yet actually some who put in only a minimum number of hours or who soldier on the job may be better motivated than those who strive without remittance—"better" in the sense of a rational working out of the relationship between themselves and their jobs. That is to say, it may, in some instances, be the hard-driving worker who does not know why he works, and the fact that he and his fellows turn out more production, while heartening to management, is of small import to Mr. Heron in his search for answers. It is conceivable that the proper adjustment between man and job which the author wishes may lead to reduced production but increased satisfaction and, while this admittedly is unlikely, the point should serve to emphasize that output and production rates are not infallible gauges of employees' integration with, or adjustment to, their social (including their work) environments. The answers Mr. Heron is after could conceivably be obtained as well by asking why men work as by asking why they don't work more.

Second, I was especially interested in observing Mr. Heron's treatment of "worker participation" in relation to the question of "managerial prerogatives," for this is a significant aspect of his proposal to "share the task of thinking." But I confess that I am not sure of the author's conclusion in this respect. In some paragraphs he is emphatic about the advantages of letting workers

"think" about problems but not participate in the final decisions (pages 85, 162). He seems to think of the latter as multiplying the quarterbacks on a football team or "sovietizing management." But on other pages he is equally emphatic that any effort of management to defend the concept of special prerogatives can lead only to disaster, that organized workers now participate in some managerial decisions and in the future they may, possibly desirably, participate in more (chapter XXI and page 176). The book would profit from greater clarification and elaboration on this crucial point. Since the sharing of thinking and planning, in which the interested participants can merge their respective goals and agree on the means of achieving them, is central in Mr. Heron's proposals, more might profitably have been written about it.

I should be sorry, however, if my criticisms should deter anyone in a managerial position from reading this book. While others may profit too, it is to a management audience that Mr. Heron has chiefly addressed himself and it is they who will derive greatest benefit from and be most stimulated by this second volume in the series, "Towards Understanding in Industry."

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Principles of Personnel Testing, by C. H. Lawshe, Jr., McGraw-Hill, New York, 1948. 227 pages. $3.50.

THIS book seems to be intended primarily for personnel administrators who, although they may not have had extensive training in psychology, must supervise the entire program of personnel management, including the use of tests in selecting employees. There has long been a need for such a book. *Principles of Personnel Testing* fills that need admirably.

It will be of value also to the trained test technician who expects to administer a testing program. There is often too great a step from the theory and perfectionism of the college class room to the actual conditions of business and industry. Many a testing program would have been saved from failure if the enthusiastic young psychologist in charge had read and heeded Professor Lawshe's advice.

Each step of the process of installing a program of personnel testing is discussed in logical order. Several of the better known tests are described with a chapter for each of the following groups: mental ability tests; temperament and personality tests; interest and preference tests; visual skill tests; tests for mechanical and other manual workers; tests for clerical and other office employees; tests for salesmen and retail-store employees; tests for supervisory, professional and executive personnel.

A chapter on "How to Construct a Test" is particularly interesting and valuable and an appendix gives a selected list of commercially available tests.

Here is a book written by a man who knows his subject and has the ability to tell what he knows simply and interestingly. It should be in the library of every personnel director.

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A Better Government for a Better City, A Study of Five Departments of the City of New York. The Citizens Budget Commission, Inc., New York, 1948. 490 pages. $.50.

A COURAGEOUS mayor, conscious that his ship of state was dragging seriously, set selected survey committees to work to see if there were any barnacles. This study shows that there were many.

In a fascinating 490-page report there is revealed before us an awkward, lumbering, inefficient giant of an organization, which has creaked along its way and has somehow evaded most of the tested techniques of modern management.

Surveys were made in New York City's five big departments—Police, Fire, Correction, Sanitation, and Public Works. Careful consideration was given to the merging of overlapping organizational units; to mechanizing field and office functions; to streamlining procedures and to unscrambling the tangled personnel function. Findings and specific recommendations for improvement are set forth in the report which is thorough, candid and colorful. One gets the impression that from top to bottom nothing was overlooked.

In the fire and police forces, fine and well qualified young men perform with high courage but are hampered by inadequate planning because policy-making personnel are overburdened by administrative detail. It is gratifying, incidentally, that no breath of scandal taints the report.

To this reviewer, the situation found to exist in the personnel and office management fields were the most amazing. This is emphasized not only in the two sections devoted respectively to these functions; it also stands out in reports investigating the functional situations in the Police, Fire, Correction, and Sanitation Departments. "Personnel administration in the New

York City government," says the report, "is a wonderland of technical gobbledegook."

"Out-of-Title" assignments of uniformed personnel as hunt-and-peck typists or in minor clerical jobs for which civilians could be employed at half their salaries; a classification and pay plan that begins uncertainly and ends indefinitely; completely unreliable records, statistics, and cost accounting—all these add up to make us feel rather smug about how we are doing it "back home," although the report misses few opportunities to keep us informed about the magnitude of the New York municipal operation; in this country it is second in size only to the Federal Government.

There are times when the exasperation of the investigators over their findings is evident. This perhaps has occasionally resulted in generous evaluations of recommendations for improvement. At least this reviewer questions that, of itself, "a sound classification system . . . puts the right man in the right job." But the implications are sound.

A study of many of the findings and recommendations in this excellent report would not only be of great value to administrators of other municipalities but also would be of extreme interest to the progressive citizen who is concerned with better government in his own town. It should be required reading for students of public administration.

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The executive committee of S.A.M.'s New York Chapter formally participated in the preparation of the report reviewed above. The personnel study was under the direction of Dr. John J. Furia, Chairman of the Citizens Budget Commission's Advisory Committee on Personnel Administration. Other Society members on this advisory committee were Edward C. Brehmer, Carl S. Coler, Hiram S. Hall and John McCaffrey.—Editor

The Guarantee of Annual Wages, by A. D. H. Kaplan. Brookings Institution, Washington, 1947. 269 pages. $3.50.

THE main theme of this book is that a rigid guarantee of fifty-two weeks pay a year, without any provision for reducing the number of workers guaranteed by a particular employer and in the absence of any effective governmental full employment program, would entail impossible financial burdens on employers, particularly in the durable goods fields. This conclusion would not differ from that of the recent *Report on Guaranteed Wages* of the Advisory Board of the Office of War Mobilization and Reconversion.

What makes the present study unique is its unwillingness seriously to analyze the feasibility of more flexible and less complete wage guarantees. The justification for this rigid frame of reference rests on two assumptions. The first is that the extreme and complete guarantee is what labor wants when it talks about wage guarantees. The second, resting in part on the first, is that, once having embarked on a guaranteed wage program, unions will presumably push their demands until they have achieved a complete guarantee.

In seeking to support the first assumption, the author analyzes the demands and statements made by unions and labor leaders with reference to guaranteed wages. But it is only by arbitrarily dismissing union statements indicating moderate, flexible objectives as "tactical realism, rather than the abandonment of the program for more complete coverage" that the author lays any foundation for his first assumption.

If the first assumption finds little support in the analysis, the second is simply stated without any analytical support. "No labor leadership can afford to rest on its laurels. The start in the direction of wage guarantees must inevitably be regarded as the take-off point for the next steps."

The danger of wage guarantees to an employer lies in the financial obligations to which he is thereby exposed. But every subject on which he negotiates with a union has financial implications. If there is an internal compulsion which will force unions to exact the ultimate in wage guarantees, even to the financial ruin of the employer, the same compulsion applies to vacations, retirement benefits, and even to wages. On the basis of the author's approach, no concession of any kind should be made to union demands, nor, by the same logic, should unions even be recognized.

In terms of the author's first assumption, of course, wage guarantees, as an inevitably rigid, inflexible burden, become qualitatively different from other demands of unions. But the rigidity is created by the author's terms of reference and is not necessarily inherent in the guarantee of wages. Even the degree of flexibility which arises from labor turnover, voluntary quitting, death, disability, retirement is disregarded in the analysis.

A principal recommendation of the Advisory Board Report, that wage guarantees be integrated with unemployment insurance, would also tend to relax substantially the rigidities which Mr. Kaplan fears in a guarantee system. But this recommendation is rejected for reasons which are far from convincing. He argues

that unemployment insurance is qualitatively different from wage guarantees, yet his historical discussion covers early "guarantee" plans which also form part of the accepted history of unemployment insurance. "Unemployment compensation represents our common responsibility to bear the social cost of unavoidable layoffs," but apparently not when those layoffs might be found unavoidable by an employer who has extended himself by making a guarantee and is continuing to make payments under the guarantee as an earnest of his desire to avoid layoffs. "It requires that the eligible beneficiaries seek other suitable employment when offered," but apparently not if a guaranteeing employer should find a reduction in his working force inevitable for reasons which the author elsewhere details at length. The fact that the employee, before the establishment of the guarantee, was entitled to these unemployment compensation payments as a matter of right, and that the employer, after establishing the guarantee, will continue to contribute to the unemployment insurance fund is here disregarded.

Because of the rigid terms in which the question of wage quantities is analyzed, the book will prove of little use to those who may be called upon to meet the problem of wage guarantees in the terms in which it may be stated in union demands—"step-by-step progress" towards greater security.

JOSEPH J. SENTURIA

Treasurer's Office
Textron, Inc.
New York, N. Y.

Practical Job Evaluation, by Philip W. Jones. Wiley, New York, 1948. 304 pages. $4.00.

OVER a ten-year period the increase in importance of job evaluation as a management tool has been phenomenal. Philip Jones, the author of another contribution to the growing literature on the subject, had ample opportunity to experiment with job evaluation in his work with Sperry Gyroscope. Hence he is entitled to use the word "practical" in his title, even though it might seem to suggest that books on the subject to date have been lacking in the ingredient of practicality.

Technically this book offers nothing new. It re-tells some of the history of job evaluation and repeats much that has been said before. For explanation of the factor comparison system it quotes from material originally developed by the reviewer in 1926, failing to take note of the many refinements, notably by Samuel L. H. Burk and Edward N. Hay, since that early date. Also—on page 40—Jones shows a failure of comprehension as to the factor comparison system.

He has used a point system involving judgments on thirteen factors grouped under seven major headings. For the most part the thirteen factors are about the same as the eleven in the National Electrical Manufacturers Association plan. Even though his book has been predicated upon the thirteen-factor system, he could have done his readers a service by telling about some of Lawshe's researches showing that fewer factors can be safely used in a point system (instead of merely listing several studies without comment as "Supplementary Reading"). And as to weighting of factors, surely he must have seen this reviewer's study of a point system which showed statistically that so-called "well selected" weights were no better than mere chance weights.

Probably the greatest technical blunder in this book is found beginning on page 176. Here he shows reasoning in reverse, as follows:

1. Agree with the union on a minimum rate and rate range; apply this to the job receiving the lowest number of points.
2. Ditto, as to the maximum rate, rate range and job with the highest number of points.
3. Join the two maxima with a straight line (on cross section paper); ditto with the two minima.
4. Fractionate the area between these two lines into grades.

This method ignores the fact that when job rates and job-evaluation points are plotted as coordinates (the so-called scatter chart), they may well be curvilinear, not linear. The method he suggests can do some odd things to the wage structure: it may make a vital difference whether the "anchor points" are the common laborer and machinist, or bus-boy in the cafeteria and first class tool maker.

To summarize the technical aspects of this book, I would defy a beginner to use it as an operating manual. The steps are not set forth in "A-B-C order"; moreover the viewpoint is largely that of a giant corporation and needs reinterpretation for companies having a mere hundred, or even a thousand employees.

But if I seem critical of certain technical deficiencies, I admit to enthusiasm as to (1) organization of his program, (2) indoctrination of employees, (3) visualization of procedures.

Those of us who have installed many job evaluation plans know that a technically mediocre plan, well sold

to employees, surpasses the most ideal technique if employees fail to understand and accept it. I am impressed with the careful defining of jobs and terms, the instructions to committees, the job evaluation manual which appears as Appendix C and which was developed jointly by the union and the company; particularly am I pleased at the charts and photographs used.

The procedures for educating employees and the use of joint participation and responsibility are well detailed. These leadership devices in my judgment demand an important place in any job evaluation installation.

Mr. Jones has caught the basic requirement of job evaluation — namely, that employees, stewards and supervisors must be given down-to-earth information about the plan before, during and after installation. To this end, his use of visual aids is especially commendatory.

Finally he deserves a vote of appreciation from his contemporaries for pointing out the importance of selling a job evaluation program.

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Asheville, N. C.

Careers in Personnel Work, by D. M. Smythe in collaboration with Vocational Guidance Research. Dutton, New York, 1946. 243 pages. $2.75.

THIS is one in a series of Vocational Guidance Research books and it does a workmanlike job. It goes at the subject mainly through case histories and shows pictures of personnel people at work. It covers personnel work in industry and business, government, education and special fields like newspapers. The usual academic point of view concerning education and qualifications is evident but the book also includes realistic advice on the kind of experience that is likely to be of value to the aspirant for a personnel job.

Careers in Personnel Work points out through case histories that many personnel jobs are not "dealing with people" but are concerned with desk work, records, analysis, research, editorial work etc. The value of office skills like typing and stenography is stressed for entering-wedge jobs. The values of working as a producing employee in the field in which one wants to do the personnel work are also stressed. For instance, in the department-store field, it is desirable to have been a sales person if one wants to do a good personnel job.

The specialized fields within the personnel picture are outlined and there is an attempt to forecast trends. The place of the woman worker is realistically treated. This is altogether a useful book to hand to the bright young thing who comes to you asking how to get into the personnel field because "I love to deal with people."

EVELYN BUCKLEY

Management Consultant
New York, N. Y.

Industrial Health Engineering, by Allen D. Brandt. Wiley, New York, 1947. 395 pages. $6.00.

THE author points out that industrial health engineering is relatively new and not yet recognized as a separate profession. Much of the work to date has been done by sanitary, chemical, industrial, and mechanical engineers and much of the equipment used has been "thrown in" by tinsmiths. Since few of these people have had the benefit of all the data and information available to an industrial health engineer, many installations have been unsatisfactory. This book is written to pull together a widely dispersed literature in a condensed, practical and useful form.

From the standpoint of a layman, *Industrial Health Engineering* is a highly technical volume. Admittedly for engineers, it is definitely addressed to people with such technical training and written with much technical terminology. On the other hand, the problems are discussed in great detail with exact situations presented and with necessary tables, charts, formulae, and designs which bear on the particular problems. It would seem that the information contained in this book would be of real practical assistance to any engineer who was faced with an actual problem to be solved in his own plant.

Mr. Brandt, however, has devoted almost the entire volume to various types of atmospheric contaminants and how to deal with these. He has discussed thoroughly the various kinds and types of ventilation, exhaust systems, hood designs and related methods for dealing with atmospheric contaminants. The particular value of the volume seems to be that in his discussion the author shows the specific application of the various methods to specific types of contaminants and processes. An engineer could almost follow step by step in solving his own difficulties. There are many detailed examples of exactly what methods are used for many specific industrial processes and how to go about setting up similar controls. The book also demonstrates forcefully that no one control measure has any monopoly in industrial health engineering. The method must be tailor-made to fit the given conditions.

Little attention is given to other phases of health engineering but there are short chapters on heating and

air conditioning, radiant energy, illumination, noise, and sanitation and hygiene. For these subjects this book would not provide much of value but for problems involving air contaminants it makes available a wealth of information. An extensive bibliography and a reference table list other books and articles published on the subject.

J. C. SWEETEN
Supervisor, Industrial Relations Research Section
Socony-Vacuum Oil Company

A Human Relations Casebook for Executives and Supervisors, by Frances S. Drake and Charles A. Drake. McGraw-Hill, New York, 1947. 187 pages. $2.50.

THE dedication of a book will occasionally summarize it as "Please get out of my sunlight" summarized the lifelong thinking of Diogenes. Consequently when one reads, "To Aesop who, in Elysium, still contemplates us mortals with a patient smile," one has high hopes of finding the Drakes' volume unusually well written, penetrating, imaginative, scholarly. This is probably more difficult of accomplishment in a human relations casebook for executives and supervisors than it would be in a school text. In this instance the fresh individuality and distinction of the dedication is not equalled in the following pages.

What Frances and Charles Drake attempted was a volume of cases to be used for the instruction of supervisors. Such instruction should supplement their experience as executives with sound knowledge concerning human nature to the end that improved insight in interpreting behavior becomes a fruitful means of increased competence. In short this book is a tool.

The effectiveness of any tool depends upon its design, the materials of which it is made, and the competence of the workman who uses the tool. The seventy-five cases the Drakes have compiled—supplemented by a bibliography which overlooks such important collateral reading as Fromm's *Man For Himself* or Horney's *Our Inner Conflicts*—vary from the shrivelling situation in which a man is hired for a job in which he has no aptitude, to the disruptive and demoralizing tactics of the "empire builder" who grabs power in the hope of salary, prestige and promotion. The cases are well chosen and each is followed by topics for discussion: "How can you prevent coercion of an exceptionally high producer by other employees?" "Under what circumstances may a man be demoted to good advantage?" "Outline some important ways in which unions can be helpful to management"; "What characteristics do you associate with true dignity?"

These questions are not answered, which is at once the strength and the weakness of the book. If they were answered, the reader would merely remember without thought or feeling. Since they are not answered the usual discussion group will never get below the shallowness of thought inherent in all superficialities, will never penetrate, for example, the obscure hatred inherent in the notion of another's superiority.

Indeed, there is occasional reason to suppose that the Drakes themselves do not have a fundamental understanding of human behavior. They say, "The astute manager takes his job seriously, but does not take himself too seriously," apparently not remembering that anyone who appears to the world to take himself seriously does so because he is insecure within himself. He who has not attained respect for himself tries to bolster his position by demanding respect from others. He who does have respect for himself can stand alone. The real problem here is always to find out why the man has lost his self-respect and how to help him get it back.

In spite of its weaknesses, the book covers a variety of common problems in understandable terms and it is sprinkled with many fragments of sound sense. It can, as this reviewer has already proved to himself in the factory class room, be used effectively in clarifying for the supervisor the lessons of his own experience. Surely this is worth doing.

F. ALEXANDER MAGOUN
Department of Economics and Social Science
Massachusetts Institute of Technology

Improved Foremanship, by Auren Uris. Macmillan, New York, 1948. 280 pages. $3.50.

HERE is an entertaining book. Written almost entirely in narrative style, it develops conversations between Phil Starr, a newly appointed foreman, and the persons with whom he comes in contact as he starts his managerial experience.

Obviously, trying to tie the many aspects of foremanship into conversational exposition, has its limitations; it tends to result in stilted style. Here is a case in point. (Phil Starr is having lunch with the company's Safety Engineer.)

Accident Analysis

He swallows a mouthful of ham-on-rye and begins, "An accident is made up of three aspects: cause, occurrence, and result.

"Now follow this: if you know those three things about an accident, you know all about it. But there is often confusion in analyzing accidents because those three aspects

get juggled all over the place: cause is confused with occurrence, occurrence is mixed up with result.

"To make sure I don't start off on the wrong foot and get you all balled up, I'll explain what I mean by those three terms."

That type of lunch conversation might cause a foreman to have indigestion. Such informational material deserves the dignity of straight exposition. Charts, tables, procedures are all "rung in" in the same manner.

Naturally, the numerous situations which confront Phil Starr in a comparatively short time are not completely realistic. But that is an author's privilege, condoned by the fact that the book is most readable. Whether the "light fantastic" touch succeeds in giving an accurate picture of the many facets of a foreman's job is a matter open to question.

Mr. Uris, Editor of the Supervisor Training Program, Research Institute of America, is no theorist. His book is based on knowledge accumulated from experience and experiment in factories throughout the country and his own varied experience as expediter, stock clerk, machine operator, owner and manager of a moulding shop, and production supervisor in the Plastic Division of the Celanese Corporation of America. The foreman who reads this book is bound to benefit. And since the average foreman is no literary critic, he may not be conscious of the fact that Mr. Uris's material might possibly be clothed in a style which does not detract from its essential value.

GLENN GARDINER

Vice President
Forstmann Woolen Co.
Passaic, N. J.

How to Supervise People in Industry, by Dr. Eliot D. Chapple and Edmond F. Wright. National Foremen's Institute, New York, 1946. 123 pages. $2.50.

THIS book has much good advice for supervisors. Certainly, no foreman will go wrong in adopting its basic principles. He may, however, feel himself somewhat on the defensive. Numerous negative statements, interspersed throughout the volume, are not calculated to build up his prestige.

Right at the outset of Chapter I is the heading "Why Foremen Have Trouble With Their Jobs," followed by: "Every job has its headaches and its compensations. The foreman's job often seems to him to be one headache after another." Here are a few others: "In many companies, the foreman has little control over the more basic aspects of materials handling"; "In most companies, the foreman has little control over the major outline of the record systems"; "Many foremen, when

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put on the mat by the superintendent or works manager . . ." In the closing paragraph of the book we find, "If the foreman fails in his job, management is acting in a vacuum, and however skilled its members may be, they will be without the information necessary for effective action." Fortunately, the book ends with a redeeming sentence: "Thus, the foreman's responsibility is a major one. It is one which can literally make or break the organization." On the whole however, such an evaluation of his status is apt to leave the foreman feeling a little "down in the mouth."

The case material is good. It is somewhat circumscribed by a narrow industrial environment. Again and again, reference is made to "the lumper" and to "floor boys" or to the assembly line. While such specific nomenclature lends realism to a book, a more diversified source of references would unquestionably appeal to a wider reader audience.

In places, the book is not completely practical. Here is a case in point:

> The foreman's job is to find out the score for everyone in his department and for those who come in contact with it. He can do this by keeping figures on contacts as part of his regular records: how long each contact lasts, who initiates it, and something about its general character. By keeping up these records every day, he is in a position to see how fluctuations in each individual's contacts affect his performance on the job. He can thus see for himself how the figures for output and quality are dependent upon his figures for the human relations on the job. This takes the guesswork out of supervision and enables him to regard each person as he would one of his machines — as having tolerances within which effective operation is possible.

I have no doubt that such record keeping would take the "guesswork" out of supervision but it would add a lot of other work to the job. I have known thousands of foremen. Many of them were experts in human relations techniques. I question however if they relied on such extensive record keeping.

No one will regret spending about two hours reading this book. Much of the advice too is readily applicable. The background of the authors—Dr. Eliot D. Chapple, President of the Chapple Company and Edmond F. Wright, Assistant Dean of the Harvard University Graduate School of Business Administration—guarantees its authoritativeness. A ready-reference index is included.

GLENN GARDINER

The S. A. M. Program for Management Research and Development

A Report from the Society's National Office

PRINCIPLES don't change—but situations and conditions do," Harold F. Smiddy, Vice President of S.A.M.'s Management Research and Development program, has pointed out. "Young and old need help to keep them aware of the applicability of management principles to the new factors and varying combinations of elements confronting them daily. It is the job of the older men to keep the young men who are on their way up familiar with the sound principles they have benefited by, so that each generation can master the already available knowledge before venturing into the unknown."

The objective of this Society's Management Research and Development division has been defined as the advancement of the art and science of management through providing advice and assistance to the Society's administrative officers and to the editors of the publications, to the end that they may be guided wisely in stimulating action by arousing interest throughout the Society in improvement of management philosophies, ideals, policies and practices.

It is the aim of the leaders under whom S.A.M.'s research and development facilities are now being organized into an effective functioning unit that the Management Research and Development division shall meet this test of service to officers and members.

Integrating Earlier Efforts.

The Management Research and Development division as presently constituted represents a logical integration of earlier efforts in this field. For years, twelve different groups or committees worked independently on Society research and development projects. Their work, however, was hampered because officers directing the projects changed from year to year and because continuation of so many separate projects was itself a problem. To prevent loss of good work through lack of continuity and follow-through, plans were made for unifying the originally autonomous groups.

Harold B. Maynard, a former President of S.A.M., and Charles C. James, now President, accordingly helped initiate the present organization set-up, with Samuel L. H. Burk as the first Vice President of the consolidated division. Mr. Burk's move to Pittsburgh as Director of Industrial Relations of the Pittsburgh Plate Glass Company led to his resignation and to appointment of Harold F. Smiddy, General Manager of General Electric's Chemical Department, to carry on the activity which Mr. Burk had ably initiated.

Under the old organization plan, there were twelve divisional directors overseeing management research and development projects in various types of businesses and in regard to many diverse management functions. Under the new plan, there are still twelve groups, although spheres of activity have been reallocated in many cases. Each group is headed by a Director, aided in turn by a national committee of experts in each field.

Breakdown of Groups.

Six of these groups specialize in management research problems dealing with the principal functional classifications of management activities; they serve under an Assistant Vice President for *functional groups*. The other six are under an Assistant Vice President for *business groups*, each following particular kinds of business or industry. A third Assistant Vice President deals with *professional contacts and relations*.

The functional phases of management are under Assistant Vice President Joseph O. P. Hummel, Industrial Management Consultant of State College, Pennsylvania. Reporting to him are these six groups with Directors as indicated:

Administration	(Directorship now being filled)
Human Relations	Raymond R. Zimmerman
Finance	Birl E. Schultz
Industrial Engineering	James H. Eddy
Production	Edward N. Baldwin
Distribution	John J. McCarthy

The business groups are coordinated by Assistant Vice President Richard S. MacKenzie, Assistant to the President of the Union Bag and Paper Corporation. His six groups with Directors are as follows:

Manufacturing	(Directorship now being filled)
Commerce	" " " "
Utilities	Robert C. Sampson
Agriculture	Dan M. Braum
Government	Harvey E. Becknell
Home	Eloise Davison

Under Professor C. Edward Schultz of New York University. Assistant Vice President, Professional Contacts, there are three committees of outstanding educators and professional men whose object is to maintain contacts with educational institutions, with management consultants and with other professional associations in the management field in order that their activities and achievements may be coordinated with those of S.A.M. to the greatest mutual advantage.

Appointments to positions in the entire division are being made on a relatively long-term basis as far as possible, to insure optimum results from continuity of effort.

Role of Committee Members.

At the present stage of growth, the supreme need of the program is for more good men on the national committees. The Assistant Vice Presidents and the Group Directors, in cooperation with S.A.M.'s Executive Director, Carl S. Coler, and with Chapter Presidents, are selecting such members with the aim of achieving geographic balance and maximum experience background on each committee.

Each committee will thus be composed of not less than ten to twenty competent experienced persons who have, as far as possible, records of outstanding performance and service in their own chapters.

Committee members will have two major functions. First, they will act as reporters of significant events in their own areas. Once each year, at designated times, they will be expected to submit to their Director an account of what they have observed, together with their comments on vital trends and their forecast for the near future of developments and problems in management and management research. Second, individual mem-

bers will occasionally be counted on for review of papers or for opinions and comments on the problems and subjects with which they are most familiar.

In particular they will afford a source of expert, objective comments on particular articles, research proposals and project proposals. Thus they will help keep new research projects, whether in chapters or in the national organization, tuned to current management needs. They will also aid the Society's publication editors in appraising the material available for publication, not with the aim of censoring an author's views but to make certain that conclusions are in accord with recognized principles of management and are based on authentic premises.

In other words, the committee members will be the foremost source of on-the-spot information about management research needs and trends. While these committees are unlikely to meet, except as national conferences make it possible for a number of members of a committee to get together, they will be asked to comment promptly by letter on subjects posed to them by their Directors, and each will be depended on to carry his fair share of responsibility. They will also be urged to suggest specific topics for fruitful research projects, forums and articles to fit into the activity programs of individual chapters.

The periodic reports by committee members will be consolidated by the Directors who, in cooperation with the Assistant Vice Presidents and the Vice President of the division, will distill the essential material annually for coordination and presentation to the Society's national officers and directors. These yearly reviews will also be a source for topics for national and chapter conferences, meetings and other projects. Thus Society programs each year can be focussed on topics of wide-spread *current* interest in management and industrial engineering circles, as well as on problems of potentially increasing concern to management in the ensuing year.

National Research Projects.

Each national research project sponsored by S.A.M. shall be under the immediate direction of a Committee Chairman who will report as before to the appropriate Assistant Vice President, in order that all projects may be reasonably coordinated with each other, with the work of research groups and other projects carried on elsewhere in the Society, and with the broad, general research policies, programs and published material of S.A.M. as a whole.

Every member and every chapter is entitled to use the services afforded by the Management Research and Development program and, in turn, to help speed its progress. It is important to have articles of high standard, of sound principle in our publications—articles which bring public recognition of the advantages of better management and call attention to the prominent role management is playing in raising living standards, bettering human relations and improving economic well-being. Authoritative opinions by experts in various specialized fields of management will greatly assist the publication editors in their task of gathering and editing such articles.

By the means here outlined, the Society's re-organized and expanded Management Research and Development division will effectively promote the interchange of ideas among management-minded people, maintain at highest ethical and efficiency levels all research activities conducted by S.A.M., and carry forward the original principles which pioneer members of the Society initiated and developed.

National and Regional Conferences to Come

September 23 Hotel Stratfield, Bridgeport	Third Annual Connecticut Regional Conference, sponsored by the Bridgeport, Hartford, New Haven and Stamford Chapters, on the subject of advanced management techniques.
October 7 and 8 Illinois Institute of Technology, Chicago (Originally scheduled for October 5 and 6)	Motion and Time Study Training Conference.
October 28, 29 and 30 Hotel Pennsylvania, New York	S.A.M.'s National Annual Conference.
January 20, 21 and 22 Hotel Sheraton, Chicago	S.A.M.'s Annual Conference on "Continuously Successful Management."
April 21 and 22 Hotel Pennsylvania, New York	Fourth Annual Time Study and Methods Conference.

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